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Earl Warren Oral History Project

EARL WARREN AND HEALTH INSURANCE: 1943-1949

|                            |  |
|----------------------------|--|
| Russel VanArsdale Lee, MD: | Pioneering in Prepaid Group Medicine   |
| Byrl R. Salsman:           | Shepherding Health Insurance Bills Through the California Legislature            |
| Gordon Claycombe:          | The Making of a Legislative Committee Study                                      |
| John W. Cline, MD:         | California Medical Association Crusade Against Compulsory State Health Insurance |

Interviews Conducted by  
Gabrielle Morris







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## PREFACE

The Earl Warren Oral History Project, a project of the Regional Oral History Office, was inaugurated to produce tape-recorded interviews with persons instrumental in the political and judicial scene during the Warren Era in California. Focusing on the years 1925 to 1953, the interviews are designed not only to document the life of Chief Justice Warren but to gain new information on the social and political changes of a state in the throes of a depression, then a war, then a postwar boom.

Because of the age of many of the memoirists, efforts in the first phase of the project have been centered on capturing as many accounts on tape as possible. The interviews that were transcribed in this phase, including those in the present volume, have been checked, emended by the memoirist, final typed, indexed, and bound with pictures and other supporting information.

The interviews have stimulated the deposit of Warreniana source material in the form of papers from friends and aides, old movie newsreels, video tapes, and photographs. This rapidly expanding Earl Warren Collection, added to the Bancroft Library's already extensive holdings on 20th Century California politics and history, provides a rich center for research.

The first phase of the Project has been financed by an outright grant from the National Endowment for the Humanities, by gifts from local donors interested in preserving data on Warren and his California era, and by additional funds offered by National Endowment for the Humanities on a matching basis. Contributors to the Project include the former law clerks of Chief Justice Earl Warren, the Cortez Society, and many longtime supporters of "The Chief." The Friends of the Bancroft Library were instrumental in the fund raising and supplemented all local contributions from their own treasury.

Amelia R. Fry, Director  
Earl Warren Oral History Project

1 July 1970  
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Maryann Ashe and Ruth Smith Henley, Earl Warren's Bakersfield.

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Ralph Kreiser, A Reporter Recollects the Warren Case.

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LABOR LOOKS AT EARL WARREN. 1970

Germaine Bulcke, A Longshoreman's Observations.

Joseph Chaudet, A Printer's View.

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Ernest H. Vernon, A Machinist's Recollections.

PERSPECTIVES ON THE ALAMEDA COUNTY DISTRICT ATTORNEY'S OFFICE. 1971

John F. Mullins, How Earl Warren Became District Attorney.

Edith Balaban, Reminiscences about Nathan Harry Miller, Deputy District Attorney, Alameda County.

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Mary Shaw, Perspectives of a Newspaperwoman.

Willard W. Shea, Recollections of Alameda County's First Public Defender.

EARL WARREN AND HEALTH INSURANCE: 1943-1949. 1971

Russel VanArsdale Lee, MD, Pioneering in Prepaid Group Medicine.

Byrl R. Salsman, Shepherding Health Insurance Bills Through the California Legislature.

Gordon Claycombe, The Making of a Legislative Committee Study.

John W. Cline, MD, California Medical Association Crusade Against Compulsory State Health Insurance.





## INTRODUCTION

One of the most controversial issues of Earl Warren's years as governor was his effort to achieve passage of state-administered health insurance from 1945 through 1949. It was an issue in which he strongly believed, having for years witnessed the hardship imposed by medical bills on families in modest circumstances, the ill-fed for whom sickness was more frequent. Many observers believe this is also the issue on which Warren chose to make a stand for his independent leadership of the people of California against control by powerful interest groups.

The concept of health insurance legislation can be traced back to Germany under Bismark in the 1880s and to a limited law enacted in England in 1911. The California Social Insurance Commission recommended compulsory health insurance in a 1917-1919 study. During the 1920s, the French and German communities in San Francisco operated health services for members of their own nationalities at their own hospitals, similar to the church-based medical care societies which were common in Europe. A scattering of companies provided partial coverage insurance plans for employees, and a few physicians were experimenting with prepayment for care of clients of joint medical practices.

It was during this decade that, as a young attorney in Oakland, Warren frequently met for dinner with a group of young physicians and lawyers, providing an opportunity for casual exchange of professional concerns and opinions. As the postwar years gave way to the Depression, growing worries were expressed about the increasing numbers of people unable to pay their medical bills. Another lively topic would have been the five-year study of costs of medical care, headed by Secretary of the Interior (and later Stanford president) Dr. Ray Lyman Wilbur, which in 1932 suggested tax-supported health insurance as a solution. Simultaneously, extensive research was underway at the University of California and other universities, codifying the actual human facts of employment, health and living conditions and developing general principles for universal health insurance.



The details of possible legislation to provide relief for the burden of medical care appealed to the public-spirited. Warren, who by now had become district attorney of Alameda County; occasionally offered advice to his medical friends. Statewide, the House of Delegates of the California Medical Association approved the principle of compulsory health insurance and directed a committee to draft legislation, which was introduced in 1935 by the chairmen of the senate committees of Public Health, Insurance, and Banking.

This comprehensive health service insurance bill (SB 454) covered employed workers and their families plus voluntary enrollments, allowed employers the alternative of contracting with private insurance companies for coverage, established a system of regulations covering the services of all health professions, required their licensing, and established a fund for payment of benefits. The fund required a 5% employer payroll contribution including 1/2% to 3-1/2% deducted from employee salaries plus a contribution from the State General Fund varying to maintain a cash reserve. The legislative record indicates that this bill was defeated on the issues of control of professional health service practice and the amount of General Fund support: state finances were in acute difficulties, and there seemed to be major disagreements within the medical profession. In 1937 several bills providing for state hospitalization insurance in various ways were introduced, without success.

Undaunted by these defeats, or perhaps sharpened by them, Warren's interest in health care and the problems of physicians continued. In 1938 he helped the CMA with the drafting and passage of legislation enabling the formation of the California Physicians' Service. CPS in a sense resulted from experience with the Central Medical Bureau, established by the State Relief Administration to pay physicians for care of relief clients. Although some local medical societies raised the question of 'socialized medicine,' leadership of the CMA felt the principle of voluntary prepayment was sound. Blue Shield, a similar voluntary non-profit insurance plan covering medical fees, had begun in other states a few years earlier as a companion to the Blue Cross hospital care plan. The first hospital plan had begun in Dallas in 1929; the first Blue Cross symbol appeared in Minnesota in 1934.





In 1939, Governor Culbert Olson included in his deficit budget a new \$200,000 item for diagnostic and medical service for employed workers. The enabling legislation (AB 2172) was defeated by the legislature, as was the first federal health insurance legislation.

By the time Warren himself became governor, the economy was on the rise and physicians had lost much of their interest in health insurance. Only organized labor continued to push for legislative relief from the cost of medical care, although opinion surveys mentioned the problem and Warren studied it with his executive staff.\*

In the 1943 legislative session, Cornelius Haggerty, secretary of the California Federation of Labor and one of Warren's close advisors, sought passage of a proposal to extend unemployment insurance to include health insurance (SB 885). In 1944, the Republican national platform included "stimulation by federal aid of state plans to make medical and hospital services available to those in need without disturbing doctor-patient relationships."

Warren was ready to move. Late in December, 1944, he met with the executive council of the California Medical Association seeking their support for health insurance legislation. The council agreed to take the question to its House of Delegates at a special meeting. In recalling the council meeting, John Cline, later president of the American Medical Association, and Beach Vasey, then the Governor's legislative secretary, disagree on whether or not Warren agreed to delay announcing his proposed legislation until after the delegates met.

Warren announced his intention to ask for "prepaid medical care through a system of compulsory health insurance" at a press conference on December 30, 1944, adding that details of the legislation had not been worked out yet and stressing freedom of choice for physicians and patients. The House of Delegates met January 4-6, 1945, and took no clearcut stand on the governor's proposal other than resolutions regarding financing of medical education and limiting health

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\*At this writing, Warren's personal files are still sealed in the state archives. When they are released, it is likely that they will contain considerable information on details of health insurance legislation.





practice under state legislation to members of the California Medical Association.

On January 8, 1945, Warren addressed the legislature thus:

"...It is now generally agreed that we can not bring proper standards of health to the people of every community through voluntary means... in spite of all our haphazard efforts ... the great mass of our people - the backbone of our country - those who work for a modest income and who strive conscientiously to maintain their families and themselves as upstanding Americans, are unable to pay for proper medical care when adversity strikes ...

Public health has always been considered the responsibility of community and State ... we must do whatever is necessary to measure up to it ...

It is my recommendation that you take action at this session of the Legislature on a program which will bring adequate medical care to the people of our State on a prepaid basis ... Such a program will pay dividends to everybody. It will relieve suffering and anguish in the home. It will increase efficiency in the shop and office. It will relieve our counties of much of their load of indigent sick. It will make our citizens a healthier and therefore a happier people."

A rash of bills were introduced and the memorable battle of the session ensued. Warren's bill was AB 800, requiring six months' employment to qualify for benefits, providing some coverage for indigents, allowing employers to contract with private insurance companies for coverage of employees, and providing a state administrative agency to review physicians' fees, with 1-1/2% payroll contributions from both employer and employee. AB 449, backed by the CIO, provided health services for those covered by unemployment insurance plus those on public assistance. AB 1525 covered every Californian after five years' residence. Drafts of these latter two had been reviewed by Deputy Attorney General Harold Haas in preparing AB 800 for the governor.

The CMA went on record in opposition to the governor's



proposal and to any compulsory plan, and it introduced its own AB 1200 "fostering the voluntary principle in health care." After being a hero to physicians in the Depression, Warren was suddenly their bete noir.

The Assembly Public Health Committee heard testimony on the various bills from labor, women's groups, civic organizations, and the Department of Public Health to the effect that thousands of middle class Californians had borrowed more than \$11,000,000 in 1944 to pay medical bills, much of it from small loan companies; that only 10% of the population had any insurance coverage under existing voluntary plans; and that proposed contributions from employers and employees would cover costs. While medical spokesmen and employers warned of the unknown costs of both benefits and administration, and of control of the doctor-patient relationship, the bitterest argument was over regulation of physicians' fees. The legislation was held in committee by a vote of 7-6. A comment of the times was "The governor has all the arguments but the opposition has the votes."

In a dramatic speech, floor leader Albert Wollenberg attempted to override the committee and bring the governor's bill to the floor for a vote. Speaker Charles Lyons ruled him out of order. A variety of compromise efforts over several weeks failed, with Warren at one point suggesting he would put the matter on the ballot "to see if there were more doctors or patients in the state." The medical profession established the defensive position that hospitalization was the really critical expense, so Warren met with labor and women's organizations to obtain support for a new bill (AB 2201) introduced in May, limited to hospital coverage only. This alarmed hospitals about possible controls, and it was defeated in committee by an 8-5 vote.

A continuing factor to be considered was Whitaker & Baxter, Inc., who were retained by the CMA to handle the public relations campaign against the governor's proposals. The first year Clem Whitaker, Sr., concentrated on influencing the votes of the Assembly committee. Subsequently the campaign was broadened to develop a picture in the public mind of a threat to the friendly family doctor, and CMA was advised to encourage expansion of voluntary health insurance. Other clients of the firm were kept informed of the CMA campaign through Whitaker's newspaper feature service, providing a 'natural alliance' with business and industrial groups already disturbed by evidence of Warren's liberal concerns and determined nonpartisanship.





The session ended with interim study committees being appointed by both the assembly and the senate, although Warren had earlier pointed out that the matter had been studied for thirty years. Several press reports commented that this marked the end of the governor's honeymoon with the legislature.

The interim studies in 1946 were cautious. Federal postwar planning legislation (the Hill-Burton Act) required that each state survey all existing hospital facilities as a prerequisite for receiving funds for new construction. Philip S. Gilman, president-elect of the CMA and go-between in the previous year's health insurance controversy, joined the state Department of Public Health to direct this study. Advising the Assembly Interim Committee on Health Care Needs (which had several members who had voted to table AB 800, including chairman Ernest R. Geddes), he stated that the survey would take several years to complete and would yield much data on the quality of medical care in California and desirable goals for the whole range of health care. Finally, the committee reported against undertaking a new field of state service until the hospital survey was completed. It is also possible they thought there would be a new governor by then.

The emphasis was different in the Senate Interim Committee on Prepayment of Medical and Hospital Care. Its chairman was Byrl Salsman, a thorough legislator, loyal to the governor. Staff was hired to survey existing health insurance plans, business and professional groups, and private citizens. Advisors included a Palo Alto neighbor of the senator's, Dr. Russel V. Lee, who was making a name for himself as an innovator in the development of group practice of medicine. Aware of the hospital survey and other currents in the field of health care, the senate committee recommended a 'more modest approach': protection for workers and their families from the catastrophic financial effects of extensive hospitalization, something that could be undertaken while the hospital survey was underway and which would provide data for future evaluation of costs.

This approach went to the Senate Governmental Efficiency Committee in 1947 as SB 788, where it was 'taken under advisement.' Reintroduced as SB 157 in 1949, it was tabled by the committee. This time Senator Salsman tried Wollenberg's tactic of seeking to override the committee to bring the bill to a floor vote, an unprecedented move in the



senate, but he was defeated. That same session, however, the 1946 disability insurance legislation was successfully amended to add hospitalization benefits for workers whose illness was not related to their employment.

By 1950, Warren was the only major Republican leader still committed to public-supported health insurance. California and the nation became involved in Korea, and Warren did not seek health insurance legislation again. However, in November, 1951, Whitaker & Baxter, Inc., who by then were handling the American Medical Association campaign against President Truman's national health insurance proposal, issued a bulletin advising that "Governor Earl Warren of California has renewed his advocacy of compulsory health insurance in two recent speeches ... we will keep you advised of any further developments in Governor Warren's apparent plan to agitate for socialized medicine in his race for President ..."

Reviewing the course of health insurance legislation during Warren's years as governor, it is clear that he did achieve a portion of his original goal when hospital benefits were added to unemployment compensation coverage in 1949. There were other positive results of his efforts. As the extremely popular leader of a major state, he gave the issue great visibility and legitimacy. The four years of public debate prompted a vast expansion, for economic as well as political reasons, of private, non-profit and industrial plans in California. Blue Cross and CPS, which had covered 60,000 people in California in 1942, insured 500,000 by 1951. Kaiser Foundation Medical Plan's program of direct service and prepayment of care expanded from 40,000 coverage in 1945 to 520,000 in 1955. In addition, the data developed by legislative committees were undoubtedly a factor in the reevaluation of the whole matter of delivery of health services.

It is interesting to consider what the results might have been if Warren and the California Medical Association had succeeded in reconciling their differences in 1945. With the support, or even the acquiescence, of the medical profession, it is probable that basic legislation would have been enacted then, with considerable effect on the subsequent course of state and federal activity in meeting health care needs.

\* \* \* \* \*





The volume Health Insurance Efforts: 1943-1949 of the University of California Regional Oral History Office Earl Warren Project includes personal memoirs of individuals who participated in significant parts of this legislative action, representing a variety of points of view. Doctors John M. Cline and Russel V. Lee speak from two points of the medical compass. Byrl Salsman, chairman of the state Senate Public Health Committee at the time it made an interim study of prepaid medical care, speaks about the practical realities of the legislation in the climate of the times. The memoir of Gordon Claycombe who was staff researcher for Salsman's committee offers insights into the internal workings of the legislature and also into the mind and feelings of the man in the street.

A number of interviewees from other aspects of Earl Warren's governorship have also recorded their views on the health insurance story in other volumes of this series. Among these are: Lawrence Arnstein, who was advisor to the medical bureau of the State Relief Administration; Emily Huntington, UC social insurance expert; Dr. Malcolm Merrill, who worked closely with the CMA and with federal hospital funds as deputy director and director of the State Department of Public Health; Verne Scoggins, Warren's press secretary and campaign coordinator; Merrell F. Small, who reported the day to day story as a United Press correspondent; Judge William T. Sweigert, then Warren's executive secretary; and Judge Albert Wollenberg who, as assembly floor leader, introduced Warren's first health insurance bill.

Gabrielle Morris, Interviewer  
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1 August 1971  
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Earl Warren Oral History Project

Russel VanArsdale Lee, MD

## PIONEERING IN PREPAID GROUP MEDICINE

An Interview Conducted by  
Gabrielle Morris





Russel V. Lee, M.D.





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## INTERVIEW HISTORY

Russel VanArsdale Lee, MD, was interviewed by the Regional Oral History Office to document his role in Earl Warren's effort to achieve passage of health insurance legislation by the California legislature, and his own contributions to professional acceptance of the group practice of medicine through the development of the Palo Alto Clinic.

Interviewer: Gabrielle Morris, staff interviewer for the Regional Oral History Office, whose special area of research is the background and development of health care programs and legislation during the 1940s and 50s. Guidance on general questions from principal investigators of the Earl Warren Project.

### Conduct of the Interview:

Interviews were held on January 14 and 22, 1970, in Dr. Lee's office in the original building of the Palo Alto Clinic, 300 Homer Avenue, Palo Alto, now a wing of the present structure. On January 26, 1970, Dr. Lee's lecture to graduate students in the University of California's School of Public Health, an annual event, was recorded in Warren Hall on the Berkeley campus.

The small, comfortable office is lined with signed photographs of the many distinguished medical and governmental figures with whom Dr. Lee has worked, and certificates testifying to his wide participation in civic affairs as well as his professional competence. The original portico of the building, no longer used as an entrance, is decorated with murals depicting the forerunners of modern medicine, painted by a student of Diego Rivera. Within a several block radius are related enterprises developed by Dr. Lee: the Medical Research Foundation, the Multi-Phase Laboratory Association, and Channing House, a multi-story senior residence, providing full medical care.



Editing of the transcribed taped interviews was done by the interviewer. Minor rearrangements of material were made to maintain continuity of the discussion without interrupting its informal quality. Dr. Lee reviewed the edited text and made minor excisions, changes and additional remarks.

The Interview: A man of tremendous, well-organized energy, dressed in casual tweeds and sporting a tidy VanDyke beard, Dr. Lee has been a landmark in both medical practice and medical politics in California for many years. At the time of these interviews, Dr. Lee was well into his seventies, and was still seeing patients and consulting with his colleagues, filling numerous speaking engagements and writing a steady stream of articles.

He described a medical training in which students were also practicing medicine as Army recruits. As the junior member of a Palo Alto practice, he soon began the experiments in efficiency which made him a pioneer not only in group medical practice, but also in prepayment of care. In those early years, he also found time to attend city council meetings, often the only citizen in the audience.

Dr. Lee described in some detail his role in the public health campaign for control of venereal disease, the founding of the American Social Hygiene Association, and the leadership of Lawrence Arnstein, who has also been interviewed by the Regional Oral History Office.

Pointing out that by the 1930s medical care for the first time offered a possibility of benefit to the majority of the population, Dr. Lee discussed the major components of medical care in America, gave a brief history of early medical and hospital plans offered by church groups and employers, and pointed out the relation of the 1930s depression to the movement for better care.

Over the years, Dr. Lee's concern has been for improvement in the delivery of medical services. He noted that Warren's proposal for





health insurance legislation was but one means of achieving this, commenting that Warren had "an important part to play, but he was as much a product of what was going on in California as he was an instigator in developing better health care services.

"He dropped [health insurance legislation] after his defeat ... in '45 and '46 ... he saw he was licked ... he didn't try to do things that were impossible ... He always maintained he was for it, and I will say that the AMA kept up their animosity to him for years after that." Dr. John Cline has discussed this point more fully in another interview in this series.

Dr. Lee obviously has enjoyed the hurly-burly of public affairs: speaking out for establishment of a UC School of Public Health; traveling the country to develop data for the Senate Interim Committee on Prepayment of Medical Care, discussed more fully by memoirists Byrl Salsman and Gordon Claycombe; and serving on President Truman's National Health Commission in company with another famous boatrocker, Walter Reuther, which recommended health insurance to Congress in 1952.

His lecture to the graduate students also covered much of this material, but added a concise picture of Dr. Lee's view of medical care of the future. Questions from the students provided a valuable insight into the thinking of this next generation.

Gabrielle Morris, Interviewer  
Regional Oral History Office

8 March 1971  
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## I LIFE AND TIMES OF RUSSEL LEE

### Family History

Morris: Is it true that you're a twin, and your mother had three sets of twins?

Lee: She had three sets of twins and two others. She had eight children in seven years.

Morris: That's incredible.

Lee: My father went out to Utah as a Presbyterian minister with the naive idea that he could convert the Mormons to Calvinism and we damn near starved to death. Then he got to be too liberal, like his sons, in the Presbyterian church, and they didn't turn him out of the church, but they took his pulpit away from him, because he said that the Sermon on the Mount and Jonah and the whale were to be regarded in their allegorical senses and the Fundamentalists got his scalp for that. We took to beekeeping to make a living.

Morris: How delightful. Bees are very significant in the Mormon theology, aren't they?

Lee: Yes. The state seal of Utah has a beehive on it.  
Yes.

Morris: You and your brother were the eldest set of twins?

Lee: We were the last.

Morris: The youngest then.

Lee: We started with a boy and a girl, then they had a boy, then they had two girls, then a girl, then they





Lee: had two boys. She had all the combinations she could get.

Morris: Genetically very interesting. And your twin brother was Chief of Research?

Lee: Office of Naval Research. He was Assistant Chief of the Bureau of Ships, then Chief of the Office of Naval Research in the Navy.

Morris: That's pretty distingulshed.

Lee: Yes, he had a fine naval career. He got all the medals he was supposed to get, and he's retired and lives here in Palo Alto now and makes furniture. He makes furniture for all the relatives. He makes all my children dining room tables and he has a wonderful time working in his shop. Quite a character.

Morris: That's lovely. It sounds like he has the same kind of energy that you do.

Lee: Well, he has a different temperament. He will not leave Santa Clara County. I'm always running around the world, and going back to Washington, and I can't get him even to go up to Dos Rios with me any more.

Morris: You have a ranch up there?

Lee: I have four ranches up there. I have two ranches up along the Eel River and I have two down along the Russian River, and then I have a place over on the beach near Pescadero. Then I had a big ranch here at Palo Alto, two thousand acres. I sold part of it to the city, and then I gave some to the city for a park.

Morris: The same piece of land?

Lee: The same piece of land, and now Palo Alto has the biggest municipal park in the country. It's a fourth larger than Golden Gate Park, and much more beautiful.

Morris: Wonderful. You gave them half of it and sold them half of it?

Lee: Yes.

Morris: That sounds like a good arrangement.



Lee: Well, I sold it for about a sixth of the price of what the land is worth, they have it now. Doing it this way I could get a good income tax deduction from giving to a municipality, you see.

Morris: Is it here?

Lee: It's right here. It's all in the city limits of Palo Alto. We kept out about, oh, three hundred acres we still own. I gave twenty-five acres to each of my kids and they still own a piece of it.

Morris: That's a nice nest egg.

Lee: I still have two hundred acres that I'm trying to get the city to buy for the park. This time I'm getting hard-hearted, and I've told them they have to pay a million dollars if they get the last two hundred acres. [Laughter] They got 1500 acres in the first purchase.

Morris: I should think it would be getting more and more valuable as time goes on.

Lee: Oh, yes, good Lord. I've been offered a million and a half from private sources, where I propose to give it to the city for a million, but I'd like to see it stay in the park.

My grandchildren are all very conservation conscious. They heard I was going to sell this two hundred acres to a private company and they all got together and they presented me with a big sheet of paper like that and it said, "We, the undersigned, the grandchildren of Boronda (that was the name of the ranch we owned) hereby appeal to save the proposed slope from the destructive hand of man. Please Grandpa, do not sell this to an industrial company." It was signed by fourteen grandchildren. Then they had four of them who were down in Pasadena send telegrams supporting this petition to me. They didn't want this to be developed.

Morris: It sounds like your grandchildren have learned the political techniques, too.

Lee: Well, they're much more progressive than I am in that regard.





### Medical Training

Morris: When you were a boy in Utah, had you already decided on medicine as a career?

Lee: No.

Morris: How come you picked California for college?

Lee: Well, as a matter of fact, I went to the Salt Lake High School and I was going to go to Princeton and be a lawyer or a politician, and then I met a man from Stanford who taught chemistry in the Salt Lake High School, a brilliant fellow named Bill Bateman, and he said, "Go to Stanford." He said, "You have no money," (and I didn't have any). He said, "You can go to Stanford, and there's no tuition and there's no fees and you have many chances to earn your way."

So I want to Stanford, and I got so in love with chemistry as I knew this Stanford chemist, I decided to be a chemical engineer. When I got to Stanford, the job I got was washing glassware for Hans Zinsser, and Hans Zinsser was one of the most brilliant, vital men I have ever known. He was a poet and a violinist, a fencer and a horseback rider, and the leading bacteriologist in the world. So as a Stanford freshman washing his glassware, I got a case of hero worship for Zinsser and I said, "I want to be a great bacteriologist like you are. How do I go about it?" He said, "Kid, get an M.D. first. It won't make a damn bit of difference, but they won't give you a good job until you get to be an M.D."

So, I switched over to pre-medicine forthwith. Then I found I couldn't be a bacteriologist because I was colorblind, and you have to have good color vision.

Morris: To look through a microscope?

Lee: Yes. I saw different colors than the other people, which is bad for passing examinations. At any rate, by this time I was committed, and I got more and more interested in medicine anyway.

I went to Stanford for three years and a half, and I was about ready to graduate from Stanford because I had extra units, when I got a job at Berkeley.



State Hygienic Lab

Lee: In the spring of 1916 I got a job working for the State Board of Health in California examining the stools of miners in the Mother Lode for hookworm eggs. The miners got hookworm through their hands like the poor southerners got it through their bare feet. And I was one of the few people who could recognize a hookworm egg so I worked for the State Board of Health in the Berkeley lab.

One of the things that actually got me into California public health was this big epidemic of hookworm that occurred in the miners in the Mother Lode.

Morris: This wasn't still gold-mining?

Lee: It was gold-mining. This was the great Mother Lode mines, the Sixteen-to-One, and the Colorado-Maryland, and the Idaho-Maryland, and those great big deep gold mines up at Grass Valley and Nevada City.

Morris: And they were still being mined in the twenties?

Lee: Oh, yes, they were being mined in the twenties. But when I was working for the State Hygienic Lab was in 1916 and '17, and the mines were producing a lot of gold at that.

Well, I needed the money, and they gave me a good salary there, almost a hundred dollars a month in the summer, and I could also take summer school at the University, which I did, and gained another half year in college. So I kept my job at the State Hygienic Lab and I switched from Stanford to Cal.

The California registrar's office demanded a great many reasons. He didn't dream that anyone would willingly change from Stanford to Cal. The opposite went on all the time. But I finally convinced him I was being professionalized. But I had a wonderful year there and I graduated, got my A.B., in 1917 at Cal and also my anatomy and my first year of medicine. The war was on and we were all put in the Army. We were made part of the United States in the medical division while we went to medical school.

I went back to Stanford, which was always my first love, the next spring, when the war was on, in 1917.





Lee: Stanford being on the quarter system, that let me gain another year in medical school. So I got through college and medical school in seven years, including my hospital year, which was phenomenal in length of time. Instead of doing my senior year of medicine I became an interne and that took the place of my senior year. It was a lot better training than it would have been if I'd stayed in the medical school. I got through there in 1919 and practiced in San Francisco until 1924 as assistant to Dr. Harold Hill, who was the fashionable doctor in town, (he took care of all the rich society ladies).

I went through the great flu epidemic in San Francisco when they used to die like flies in the old San Francisco Hospital.

We had three children. They were always getting sick. I had a chance to come here in partnership with Dr. Tom Williams, who was a great surgeon, and make a good deal more money in a much better climate than San Francisco, so we came down here in '24. When I came down here, to my surprise, I immediately got an enormous practice.

### The Palo Alto Clinic

Things happened very rapidly here. The town was growing and I got a tremendous practice right away which surprised me very greatly because I didn't know that would happen. As I've often said, the clinic was built on my incompetence because I got a great many patients that I couldn't take care of.

For instance, there was obstetrics. I hated obstetrics, but I had to do it with Dr. Williams away a good part of the time. And every time I began to deliver a woman she fell asleep instead of having the baby. It was a very frustrating experience. It also meant a great many children to take care of. I wasn't particularly good with babies so we got Esther Clark to come down. A very fine pediatrician. She was the first pediatrician in this whole area and then we got Dr. Blake Wilbur, who's Ray Lyman Wilbur's son, a wonderful surgeon. We got Robbie Dunn who is an obstetrician. Each of these people did things that I couldn't do, in pediatrics and surgery and obstetrics



Lee: and gynecology and so forth. Well, it began from that. And the idea came to me that we ought to have a group practice that would have every specialty represented and that's what we did.

Morris: That was kind of unusual, wasn't it?

Lee: It was unusual to develop so rapidly in such a small town. But what happened was Palo Alto immediately became a medical center for the whole mid-Peninsula. Most of the medical work in Redwood City was done by the Palo Alto doctors, and in Atherton and Woodside and Los Altos and Mountain View, so we really were not Palo Alto alone, but a big mid-Peninsula area. We don't do that so much anymore because the whole area has grown, but we still are sort of looked on as a medical center here for the mid-Peninsula area.

#### Clinic Prepayment Plans

Then the idea of group practice got me into the area of various forms of prepayment plans. We actually, long before Kaiser or anybody else, we played around with an insurance company called the Columbia on a medical prepayment plan. But it died before it was born because we got so busy and we were doing so well financially just with fee-for-service that my colleagues said, "Why, for God's sake, should we engage in prepayment which would greatly increase our work when we haven't got the manpower to do it and we couldn't make any more anyway than we're making now." So we played with it a little and we had a little of it going, but it was not very successful. But then the clinic continued to grow until the war came.

During the war the Palo Alto Clinic continued to grow, until now it's the largest group practice unit. We do a great deal of prepaid care now like the contract we have for the Stanford student body, and the old folks. We take care of all the residents of all these old folks homes in the area--Sequoia, Decoto, Channing House.

Morris: These are the private retirement homes?

Lee: Private old folks homes, but we provide the medical service for them on a prepaid basis, that is, the Palo Alto Clinic does.





Morris: That's interesting. By contract with the nursing homes?

Lee: With the nursing home. When they go into Channing House, for instance, residents pay a certain amount extra. As a result of that they get completely free medical service from the Palo Alto Clinic. Everything that happens to them, even their hospital bills are covered now. Then Medicare came along, that made it possible to give them a lot more service than before. We do that for the Presbyterian Home over at The Sequoias, for the Masonic Home, or the Decoto Home over at Decoto. Then we're changing it now. We've got what we call the Family Medical Plan which is a plan that covered the employees at Stanford University. Many of those are old people, retired professors and their wives, so we got a great deal of experience in prepayment for the care of old people. We're getting into that deeper all the time.

Morris: Did you ever have any trouble finding enough doctors to keep up with the expansion of the clinic?

Lee: The pickings are so good in California and the climate's so good, they just come here by droves. We always have here at The Palo Alto Clinic a long list. We got a vacancy in our surgery department for a leading surgeon. We had 45 qualified applicants for that job in our surgery department here at the clinic. They were all good men. They'd make a success everywhere. So they've been coming and coming, but in all conscience, we should educate enough people to take care of our own people. The other side of that coin is that actually, these people that are coming here are residents of Illinois and Ohio and Iowa and the rest of them. They left their home so they're less of a burden in their home state so we can take care of them here.

Morris: They bring their doctors with them in a way.

Lee: Yes. Well then, with the war came Kaiser. One of the great lessons from Kaiser was this--that with a group practice, properly organized, a few doctors can take care of an awful lot of people. Kaiser didn't have many doctors, but he took care of many more people than we ever thought doctors could. That helped change our concepts. That's behind one of the things that we're doing down at the Clinic. We're about to





- Lee: start something called the Foundation for Health Services. Matter of fact, it's in existence now. We're going to provide prepaid medical care through every hospital staff or every group practice unit in the state, a la Kaiser. That'll be a very important development of the next five years. This is coming, we've been having meetings the last two months, day and night on this. So California has demonstrated through Kaiser that with group practice and prepayment and controlled utilization, a few doctors can take care of lots of patients because they get a lot more efficiency and you don't have overutilization of the plan.
- Morris: Are you saying that someone who is a participating doctor at the Palo Alto Clinic can provide service at any hospital in the area?
- Lee: No, what we'll do is this. We'll go to the California Teachers Association and we'll say, "We'll give you prepayment; you can have your services prepaid and all teachers in the Palo Alto area can get it from the Palo Alto Clinic for \$15.00 a month." And then we go to the clinic and we say, "Will you take 10,000 teachers at \$15.00 a month and give them all their medical care?" They'll say, "Yes," we'll say, "Yes," we'll put that together. In San Jose, we'd go to the staff of the San Jose Hospital and say, "Would you like to take care of 25,000 Teamsters at \$20.00 a month apiece?" And the Teamsters will pay the money to the staff of the San Jose Hospital--they'll designate that. This will be a kind of prepayment very much like Kaiser. Every hospital staff, every group of doctors, can do this kind of thing. This is the development of the future.
- Morris: For a given group of patients.

### Delivery of Medical Services

- Lee: A group of patients will choose a group of doctors, and there'll be reciprocity, so that if they move from Palo Alto to San Jose, another group in San Jose will take over what the Palo Alto Clinic promised to do for them here. And that's what we're working on now and that's going to be a very exciting development of the next five years. It's going to, I hope, revolutionize medical care. As a matter of fact, I'm just going up



Lee: to Canada, to the International Association of Group Practice. This plan is going to be presented to them as one of their principal speeches this year in their convention up at Winnipeg.

Well, now, since the war, the growth of California has continued tremendously to increase. We've got our welfare problems, we've got our old problems, so many old people came here, so it's obvious now that we've got to develop some very new devices for getting medical care to the people that want it. The California Medical Association now, from being one of the most conservative in the days of John Cline, it has now become extremely liberal and it's leading the way in all kinds of forward looking projects. Matter of fact, Dick Wilbur, who used to be in the Palo Alto Clinic, was the chairman of the Council of the California Medical Association, that's the most powerful officer in the state association. Dick Wilbur has now gone to the AMA, and he's having a very powerful influence there. That they would take a guy from the Palo Alto Clinic, that came under my malign influence, and give him a job in the AMA is unheard of. My son Hewlett Lee, another son of mine, is the president of the Santa Clara County Society. He's the present president of that Society. In 1946 they had a resolution in the Santa Clara County Society that said that any doctor that belongs to the Palo Alto Clinic can't belong to the County Medical Society. Now, after 20 years, one of the Palo Alto Clinic's founder's sons is the president of that Society. So I think that the time has changed and that California is in a great state of ferment about medical affairs.

Now, the Reagan administration is very different from the Warren one in their approach. The Reagan administration is anti-welfare in general. They want to curtail all these programs, and they can see the chance for savings. For instance, one of the things you don't realize is the tremendous cost of taking care of the insane. There are about 400,000 insane people confined to mental hospitals in California, and that costs about \$10.00 a day. That means that we spend about four million dollars a day--a day--taking care of our crazy people in this state. Well when a governor sees that he says, "God, can't we do it no cheaper?"

Morris: In doing the research on Warren and medical matters, I was interested to read that apparently shortly after





Morris: he took office as governor in 1943, somebody took him by the hand and took him down to Napa and he talked to the patients and did see the wards. I wonder if you remember any of that.

Lee: Yes, I remember that well. I took part of my training at Napa State Hospital. It was an eye opener to me. Nothing I did in my training was as useful in my future practice as that because everybody's a little crazy, and five percent of the whole population is quite crazy, and I learned a good deal about their care.

With the involvement of the state, when a person gets mentally ill, he suddenly doesn't have any relatives. They forget him, they dump him on the state and say, "You take care of him from now on." You have a hard time, even with wealthy people, making them pay for the care of their patients in the state mental hospitals. They simply forget him. And they make it impossible for families to trace them after a while. You can't find out who his mother or his father or brother is, and yet he's in Napa. But that whole problem is subject now to a great deal of new approaches, and I think California may be the place to do it. I had great hope when Daniel Blain was here, he was here under the Brown regime, in the State Department of Mental Hygiene. Now they seem to be marking time and trying to regroup, but I hope they'll get progressive again.

We've always had these two things in the state; we've had this ferment of experimentation, that resulted in CPS, which resulted in Blue Cross, which resulted in Kaiser; and we've also had the conservative influences like John Cline's influence when he was president of the AMA and now the Reagan influence. But still there's a great state of ferment now, but I think things are going to happen in California in the next five years which I think are going to revolutionize the delivery of medical services.



### Three Great Medical Families

Morris: There's one name that comes up again and again in regard to the Medical Association in the forties and that's Ray Lyman Wilbur.

#### The Wilburs

Lee: Well, Ray Lyman Wilbur started life as a doctor in Palo Alto. He was an M.D., an internist, and he was associated with Tom Williams. There's Tom Williams' picture, and there's Ray Lyman Wilbur up at the top.

Morris: The one with the long, lean face?

Lee: The tall lean one up at the top of the row, with David Starr Jordan at the bottom. He became the president of Stanford. I had one unique distinction, I've been the doctor for every president of Stanford since the University began.

Morris: I'll be darned.

Lee: I took care of David Starr Jordan when he died, so you see Stanford's very young or I'm terribly old. But Ray Lyman Wilbur practiced in Palo Alto, was the first real internist here. Then Stanford took over the Cooper Medical College to make it the medical school of Stanford.

Morris: This would be when?

Lee: 1913 this was. When David Starr Jordan was president. Then they put Ray Lyman Wilbur in, took him up from Palo Alto and made him the dean of the Medical School. Then from that he came back to Stanford to be the president of Stanford. After that he went to the Hoover cabinet and was Secretary of the Interior. Then in 1933 he got out a report on the medical care of the 1930s, in which he advised group practice, prepayment. It was way ahead of its days. It's a classic of medical literature. "The Committee on Medical Care Report of 1933," that's what the name of it is.

Morris: I have a reference to a book, "Economic Aspects of Medical Services, with special reference to conditions



Morris: in California" published in 1939?

Lee: No, this is 1933. It was published by the Committee on Medical Services.

Morris: Of the AMA?

Lee: No, it was privately supported by some foundation and Ray Lyman Wilbur wrote it. But that was the first important document along this line. You can get it in any library; it had tremendous circulation. Then he went from that and got elected president of the AMA.

Morris: How old was he at that point?

Lee: Well, let's see. He went into the Hoover cabinet... He was about fifty then. He died at seventy-three or -four, long after I came back from the war. He retired from Stanford in 1946, but he stayed on three or four years after his retirement age. He was sixty-five about 1943. So at that time, he was about fifty. Yes.

Morris: So he wasn't really active in this legislative hassle about state health insurance?

Lee: No, he didn't get into the battle about Warren at all, because at that time he was then president and chancellor of Stanford, and he had been in the Hoover cabinet, and he didn't take much part in that big battle.

Somebody said the other day, there are three great medical families in California. They're really quite extraordinary.

Morris: And the Wilburs are the first of the three?

Lee: Yes. The Wilbur family has been quite a medical family. Ray Lyman Wilbur had two sons who became doctors. One, Blake Wilbur, who's a surgeon here at the Palo Alto Clinic, one of the top surgeons of northern California; and the other's Dwight Wilbur who became an internist in San Francisco and a professor of medicine at the Medical School. Then he was elected president of the AMA and served the year of '68-'69 as president of the AMA. Then there are three Wilbur grandchildren who are doctors; two of Dwight's and one of Blake's children. Dick Wilbur is the latest one to get the national scene. He was very prominently





Lee: mentioned to get Philip Lee's job as assistant secretary of HEW when Phil left the government to come to Cal, but there was a big hassle over Johnny Knowles and Finch, and Dick Wilbur's candidacy got dumped somehow or other. It didn't work out, but anyway everybody thought he was going to be assistant secretary of HEW, but now he's executive vice-president of the American Medical Association, a very powerful position. He runs their Washington lobbying office, and all the things of that kind. Then Dwight, as I said, was president of the AMA. He has two children. They're both MD's, one in Sacramento. I don't know where the other one is.

### The Gibbonses

The other medical family that goes over a long period is the Gibbons family. Henry Gibbons was the president of the California Medical Association right after the Civil War. Four of his descendants became presidents of the California Medical Association. Henry Gibbons the Fourth has just completed his term as president of the San Francisco Society. He's the last in line because his son--all the Gibbons boys had been doctors up to this son--has turned to art, to his father's tremendous sorrow and disgust.

Then the other medical family...modesty doesn't...

### The Lees

Morris: It couldn't be the Lees?

Lee: It is the Lee family. As a matter of fact, Egeberg, he's now the assistant secretary of HEW, he said, "I'm glad to come to Santa Clara County, the home of two great medical families: the Wilburs and the Lees. The Wilburs showed the way twenty years ago and now the Lees try to tell me how to run my business."

There's myself who came to California in 1912 and have been practicing for fifty years, and my four sons who are all in medicine and have all had a prominent part to play in medicine one way and another. Philip





Dr. and Mrs. Russel V. Lee gather their distinguished medical family for a Christmas portrait in Palo Alto in 1969. Dr. Lee was an early advocate of group medical practice, venereal disease control and prepaid medical insurance. His four sons are also doctors and active in public medical affairs. His daughter married a physician; and several grandchildren are preparing to continue the family medical tradition.

In addition to a shared concern for improved health services, the Lees share an interest in sports with Earl Warren. Here, Warren is a guest of Dr. and Mrs. Philip Lee for the 1967 Rose Bowl game in Pasadena.







Lee: particularly, first in AID and then as assistant secretary of HEW and now as chancellor at Cal.

Peter was acting dean at USC for a number of years, and now as professor of medicine down there. [shows photograph] Here's a picture that was taken in 1967 at Pasadena at Peter's home, when he was entertaining the Governor (the Chief Justice) over the New Year Rose Bowl weekend.

Morris: Call him Governor, or General or Chief or whichever.

Lee: I always think of him as Governor Warren, somehow.

Morris: Well, this is when you knew him best. In fact, there's someone around who worked with him when he was Attorney General who still calls him General. [Laughter]

And your daughter-in-law's name?

Lee: Sharon.

Morris: She's handsome.

Lee: Her name was Sharon Edwards. Her father was the mayor of Pasadena. He was a Republican, and she was a Democratic State Committeewoman [laughter] of the Democratic organization, while her father was the Republican mayor of Pasadena.

Morris: Oh, my goodness. That must have made for some interesting family discussions.

Lee: Then, there's Dick and Hewlett practicing here at the Clinic. So we represent a fairly secure medical dynasty. Not content with having five children of our own, we adopted two girls and they both married doctors; one of them was one of Dwight Wilbur's partners.

Morris: That's delightful.

Lee: My daughter married a doctor as well, so we have lots of doctors around.

Morris: You have lots of shop talk. [Laughs] Wilbur is Ray Lyman Wilbur's son?

Lee: Yes. Dwight has just finished his term as president of



Lee: the AMA. But Ray Lyman Wilbur was the old man that started it all. He started the modern concept of prepayment, group practice and things like that.

It looks like a number of the next generation are going into medicine, too, so we'll have another crop coming up very shortly. Four of my grandchildren are preparing to go into medicine.

Morris: You were telling me earlier that when your children were small you used to take them on your rounds?

Lee: Yes, before lunch. You asked me how I indoctrinated them. I didn't indoctrinate them, but during all the time they were young from the time they were two until they were six and after that during summer vacations, I used to make house calls for four hours a day. I'd take the children in the car and we'd go around. Matter of fact, I taught 'em all to read. They all learned to read riding around in the automobile. Peter could spell Chevrolet before he could spell cat. They learned to read from the big billboards. They'd say, "That's a Ford, daddy. That's F-O-R-D, daddy." That's how they learned to read. I think maybe, that going going around with me on house calls had a lot to do with their going into medicine. Only one of them that I thought would be a candidate for it, and yet they've all turned out well. Peter, I picked him to be a doctor all the time and a professor and he turned out to be that, but all the others have done that too. I wish I could live long enough to see what's going to happen to the next generation.

#### Earl Warren at the Big Game

Morris: How did you actually become acquainted with Earl Warren?

Lee: That is an interesting story. It was after a Big Game about 1939. He was a California man; I was a Stanford. The Big Game was down here and it was pouring rain. Warren got his car bogged down in the mud and couldn't get out, and also lost his car keys, apparently. So he was sitting in the bleachers with some very good friends of mine, who knew we were having a big dinner for people after the Big Game. I always had some doctors in there. We had a big house, right on the



Lee: campus, and they had their car out of the mud. They knew Governor Warren very well, and he had been working for a couple of hours, or an hour and a half, trying to get his car out of the mud, and they said, "Leave your car, come up to the Lees, and I'm sure they'll feed you, and then afterwards we'll get the Lees' truck and pull your car out." We had a little pick-up thing.

So, they brought Governor Warren and Mrs. Warren up to our house, and we had a wonderful time. He made the party actually. Stanford won and we gave Californians a bad time of it, and Governor Warren defended it very well. It was a very gay party. That's where our personal friendship with the Warrens began.

From that time on, when they would come down to the Big Games, they would come over afterwards, and when we'd have these parties, they would attend them if they could, and we always exchanged Christmas cards after that occasion, and that sort of thing.

Morris: That's a lovely way to meet the Governor. When he was appointing his first senator, wasn't there some talk that maybe you would be appointed senator?

Lee: Yes, a group of people went to him and tried to get him to appoint me for senator when Hiram Johnson died. Hiram Johnson died on the day the atom bomb went off, and I was in the Pentagon at that time. This group of people here went to Warren and they said, "Look, this is a progressive physician, and he supported progressive types of medical care. You ought to appoint him to the Senate." Well, he didn't. He appointed Bill Knowland, because he had a great debt to the Knowlands, who supported him very vigorously in all his political career.

Knowland became a very conservative Republican, as you know, and Warren was always a pretty liberal, progressive one. Years later, Warren and I were talking California politics one time, down at Pete's house, where we were at a party. I said, "I hear that they called on you while I was at war to have you appoint me senator." He said, "Yes. You know, I might have done better to have done it." [Laughter]

Morris: That's a kind of a nice memory to have.





Lee: Yes. That was long after the event. Of course, I was completely unknown politically at that time. There was not the slightest justification for me being appointed senator, because I had no background in politics at all, but I still submit I would have been a better senator than Bill Knowland at that.

Morris: You certainly would have been a livelier one.

### Venereal Disease Control

Lee: But Warren was very much in favor of all kinds of better health services. In fact, Warren supported me in 1937, before he was in state politics. I started a society known as the American Society for the Control of Venereal Disease, Incorporated. I had been to Sweden, and found out that the Swedes had practically eliminated venereal disease by a system of case-finding, prompt treatment, isolation of contacts and so forth. I came back and wrote a law and Byrl Salsman introduced it in the legislature, and we had a hell of a time because again, we were opposed violently by the California Medical Association, particularly by Howard Morrow, who was the president of the State Board of Health, because in our bill we had an appropriation for the Venereal Disease Department that was bigger than for the whole Department of Public Health. Well, we had a big battle in the legislature.

Morris: This was needed because there were so many cases of VD? Before the second world war?

Lee: This was in 1937. Then Howard Morrow and I got into a terrible battle over this that lasted most of the year. Curiously we worked a little legislative coup on him. The State Board of Health had been very badly run and I knew it. So when I saw they were going to beat my bill in the legislature, we introduced another innocent bill for \$50,000 to investigate the State Department of Health, which was the last thing in the world that Howard Morrow wanted. So he came and put his arm around me down at the meeting of the House of Delegates in Del Monte, I was still in the House of Delegates then, and said, "Let's make a compromise on this." So he accepted my bill. That's how the Venereal Disease Section of the State Board of Health was founded.



Lee: We got Malcolm Merrill in as the first VD control officer in California. Did a marvelous job. By the time of the second world war, California, in spite of Hollywood and the Barbary Coast and everything, had the best VD record of any state in the country except Connecticut. Then Malcolm Merrill went on from that to be the director of the State Department of Health in California. From that he went on to be in charge of all our foreign health in AID, the Agency of International Development. But Warren supported that venereal disease control program very heartily.

Morris: This would mean that you worked with Lawrence Arnstein?

Lee: Larry Arnstein is Mr. Public Health of California. He's now well in his 80's you know, he's almost 90 years old. He's been a redoubtable supporter of everything that's been favorable as far as public health is concerned. He was a great factor in getting Philip appointed chancellor of the University of California Medical School. That's my son Philip who came from being assistant secretary of HEW for health and scientific affairs. Arnstein was a great supporter of mine in the days when I was fighting Morrow on the VD program. Ever since then every good public health measure, Arnstein has supported. He was a great friend of Warren's, a great supporter of Warren's. They still are great friends.

#### American Social Hygiene Association

Morris: I was reading something about him the other day. He was the first executive of something called the Social Hygiene Association.

Lee: The American Social Hygiene Association.

Morris: Is that now the Health and Welfare Association?

Lee: No, the American Social Hygiene Association was started as a way to control venereal disease. Except they were going to do it by purely moral ways--to say that it was very naughty to have anything to do with prostitutes and things like that and try to do it by moral suasion. That's why I started the American Society for the Control of VD, Incorporated. Arnstein supported that. Then the American Social Hygiene got





Lee: a change of heart and came to see me and we had a long series of conferences. I wanted them to agree to support a program of MEDICAL control of VD, treatment of contacts, isolation of contacts, instead of just a moralistic approach to the VD problem...up to that time the American Social Hygiene simply had a moral campaign on. They agreed to that, so we amalgamated the two organizations. I became a vice-president of the American Social Hygiene; I had been the president of the American Society for the Control of VD, Incorporated.

Morris: Ray Lyman Wilbur was also active in this venereal disease campaign, wasn't he?

Lee: No, he wasn't nearly as active as I was in that. But he was very benevolently helpful in that. He was a member of the Board of Trustees of the American Social Hygiene at one time.

Then Arnstein became the vice-president when I got off and went to war. He was a strong factor in that, still is as a matter of fact. He's been occupied in various positions of that sort, organizations that support public health activities. He was a great supporter of Les Breslow who was on the Truman Health Commission with me. Matter of fact when Les Breslow was superintendent, Les Breslow got thrown out by the Reagan administration.

### One Thing Leads to Another

Morris: He was in the State Department of Public Health. He was chief?

Lee: Chief. Breslow came to the job as a matter of fact through this job he had with me. After the California legislative committee I worked on, I was asked by President Truman to serve on what was called the President's Commission for the Health Needs of the Nation. We got out a report called "Building America's Health" after a year of work. It's really a landmark in the whole literature of the socio-economics of medical care and I got Breslow who was then working in the Chronic Disease section of the State Department of Health in California to come to Washington and stay there for a year and become the executive director of this Commission. He did a fine job and that started



Lee: him on his career really. From that he came back to California and became the director of the State Department of Health and then president of the American Public Health Association. Now he's a professor of public health at UCLA, after Reagan said "His philosophy and mine do not coincide on health matters." Breslow felt that the state should be very much interested in providing medical care, and Reagan thought that's a private concern.

I got in through this interest in the Warren activities in the legislature in California in national affairs and got on this Commission, this so-called Magnuson Commission, this Truman Commission on Health and that got me very deeply, I've been up to my ears ever since in the socio-economics of medical care. I was then consultant to the Surgeon-General and I was consultant to the State Department on AID, that's the Agency for International Development. I made a trip around the world for them surveying all our health activities on money we'd given to AID to see if they were worthwhile, and gave a report to Fowler Hamilton when he was chairman of that. Then later about this time their medical department got in trouble and they asked me for a recommendation and I indulged in nepotism and I recommended Philip who was an internist here in the Palo Alto Clinic for that job and he went there and made a brilliant success out of the AID medical service.

For the first time in its history it was well run. He was so outstanding that when Gardner came in HEW he asked to have Philip appointed as assistant secretary. So he went there and he and Gardner became tremendous friends, and he was assistant secretary for HEW there for three years until Johnson administration went out and then he came back here.

Morris: He must have been quite involved with the federal medical insurance legislation.

Lee: He was the principal federal medical officer of all. He was the top medicine man for the government. He was very much interested in the OEO programs and all the federal programs for prepayments and so forth, still is for that matter. But this was curiously all hitched to the same thing--my interest in the Warren proposals for state health insurance got me into this national area. That got Phil into the government service through my involvement with the Democrats in AID. Then from that Phil went to the University of California where he is now. Shows you how one thing leads to another.



## II PREPAYMENT OF MEDICAL CARE

Morris: Do you think then that the California experience with the fight over state-supported medical insurance affected the course of the similar legislation at the national level?

Lee: If Warren had the doctors' support in '43 and '45 when he first introduced his health insurance plan, it would have passed. It was the doctors that defeated it. But if it had had that support then that would have revolutionized medical care in the country.

California's experience has been very interesting in the whole medical field. When I began practicing medicine here in 1920, it was really almost horse and buggy medicine, village medicine, even in the city. Then the age of specialization was just coming on and it came on with a tremendous rush in California. Then during that period between the wars, California began its great growth. Doctors coming in from our medical schools have been very inadequate because we have 1800 new people a day coming into California. That means we need three new doctors every day. Well, we can't produce more than about a fourth of that in all the medical schools of California. So we're parasitizing the rest of the country...Illinois, Pennsylvania, Massachusetts. They educate the doctors and put up the money because it costs about \$7000 a year per doctor to put a man through medical school. And that's paid for by Illinois and Pennsylvania and Massachusetts, then they come to California and practice. Two-thirds of the doctors that start practice in California every year come from other medical schools outside the state.





### Southern Pacific Hospital Association

Morris: How did Warren come to propose a compulsory state health insurance plan?

Lee: Well, the climate in California for going into prepaid medical care, medical insurance, was extraordinarily favorable due to a number of things.

Here's how it happened. Going clear back to 1920, when I started practice, there was a certain amount of prepaid medical care. It was largely in the hands of private, cooperative things like the Southern Pacific Hospital Association. As a matter of fact, the Southern Pacific had the oldest prepaid plan in the country. Every employee of the Southern Pacific Railroad paid in a certain amount of his salary or wages to a fund, and that supported the great Southern Pacific Hospital in San Francisco. They had another one I think in Los Angeles and a small one somewhere else.

Under this plan, if you worked for the Southern Pacific, you could go to San Francisco and have all your medical and hospital care free. That was in existence clear back in the '60's, when they started. It's one of the oldest plans of that kind.

### French and German Hospitals

Then also in San Francisco, there came another plan of the same kind, and that was the French Hospital. The French colony in San Francisco got together and formed themselves a cooperative and they proceeded to build a hospital, which they contributed to, and owned and controlled.

Morris: And staffed?

Lee: No, they got the staff to come in, but at first the staff were largely French doctors in San Francisco. They were paid on a salary basis for taking care of all the subscribers to the French Hospital system. It was in the '70's when that began. They built the old French Hospital out there and it's still in existence. The plan is still going. It's been modified a great deal. So the French Hospital plan was then followed



Lee: with the German Hospital plan. The Germans built a hospital, which they called the German Hospital. Then in the First World War, when we fought Germany, they changed the name of it to the Franklin Hospital. It's still in existence, but the prepaid plan went by the board.

The French Hospital Plan continued, and the Southern Pacific Hospital Plan is just being phased out now. They've got, still, an association. They've turned over the old Southern Pacific Hospital to a group and they now call it the Harkness Hospital. That's a nonprofit foundation. The Harkness Foundation still has a contract with the Southern Pacific employees to furnish the medical care, but it's no longer the child of the Southern Pacific Railroad. It was a completely paternalistic affair, with the Southern Pacific controlling it, financing it and running it. But that's changed now.

But it is important to know that this kind of background in prepayment existed for a long while in California, particularly in those two areas.

There are others in the country: the Endicott-Johnson Shoe Company in St. Louis has a similar plan for its employees, and it was one of the early ones in the East, but the California ones antedated that.

### Hospital Bonds

There was no real agitation however from the patients, or the laity, for a universal plan, except in the twenties, came a bunch of commercial entrepreneurs. They sold something called hospital bonds. That would pay your hospital bill and a lot of your doctor's bills if you bought these hospital bonds. Nurses and schoolteachers bought them in the greatest extent.

Morris: You could cash the bonds?

Lee: No, the bond would pay your hospital bill. It wasn't a bond at all. That was just a euphemism for a prepaid plan. The plan was badly conceived and badly administered and went broke. A lot of people had their hospital insurance policy, but the company went broke





Lee: and couldn't pay its subscribers, so it went out of existence.

### Ross-Loos Clinic

But at the same time, in Los Angeles, two enterprising doctors, named Dr. Ross and Dr. Loos, started the Ross-Loos Clinic in Los Angeles. That girl who wrote Gentlemen Prefer Blondes was the daughter of Dr. Loos who started that clinic, by the way. Do you remember that book, Gentlemen Prefer Blondes?

Morris: I do and I caught the name and I wondered if it were the same.

Lee: That was the same Loos family. Well, anyway, they undertook, as a private clinic, to furnish prepaid medical care to the employees of Los Angeles. They got the firemen and the schoolteachers and the policemen and the motormen on the railway cars, and they got a great big lot of people signed up. They didn't provide hospitalization, but they organized an insurance company which is still in existence, called the Independence Insurance Company. I think it's based in Pasadena. That company furnished the hospitalization to these same people at rates a good deal lower than you could buy hospital insurance from a private place. The reason the rate was reduced was because Ross-Loos told the Independence people that they would keep the hospitalization of these people down, which apparently they did, because the Independence prospered under the arrangement, where other hospital insurance plans with the same premiums went broke because of over-utilization. But the Ross-Loos people, you see, controlled the utilization.

Morris: Was this by practice of preventive medicine?

Lee: No, it's just by not hospitalizing people unnecessarily. When a patient's got Blue Cross, you put him in the hospital even if he only needs a weekend of rest. But when you've got the kind of thing that Ross-Loos has, where they have an interest in keeping the utilization down, or like Kaiser, the hospitalization of Kaiser is about thirty percent less than the average for the same reason. The inference from that is that a great deal of insured hospitalization, paid



Lee: for by insurance, is redundant, and it doesn't need to be. A really proper medical insurance plan needs to have some built-in incentive to avoid over-utilization.

Both Ross and Loos made a fortune of millions out of this and the place is still running. It's not quite as important as it used to be, but it is important historically because it antedated by many years the Kaiser plan. It did exactly what the Kaiser plan did later, except they didn't open their own hospitals. They had their hospital insurance company though, which they founded and it antedated the California Physicians' Service.

It gave California a rather exceptional and early background in the whole matter of prepaid medical services. California was way ahead of the rest of the country in the twenties and thirties through Ross-Loos, through the Southern Pacific, through the French Hospital Plan.

### California Physicians' Service

Then came the California Physicians' Service in '38 and that was the first physician-sponsored prepayment plan. Back in the thirties, I became one of the members of the House of Delegates of the California Medical Association. That is like the Congress of the United States in the Medical Association on a state level.

During that time the Depression was on and we got very much concerned about the inability of so many people to pay their bills. We, I say "we," that's the doctors, the members of the California State Medical Association House of Delegates played around with various prepayment plans and finally in the meeting we had at Riverside in '34. Could have been '35, but I think it was '34, we decided to put together what became the California Physicians' Service.

Morris: This was a state convention?

Lee: This was the state convention down at Riverside. We put it together and we got insurance people to work on it and we asked for legislation to make sure that





Lee: it would be legal and constitutional to form such an organization. This was started by the doctors themselves. They set up a separate corporation, the California Physicians' Service, but it was financed and sponsored and essentially controlled by the California Medical Association.

Just about that time Blue Cross began in Michigan. California Physicians' Service never really got together with Blue Cross. They did the Blue Shield type of thing, that is, the physicians' services, but we never got into providing hospital services. Left that to Blue Cross in California. What would be Blue Shield in any other state became the California Physicians' Service here.

So you can say quite accurately that Blue Shield really had its genesis in what the California doctors did in the thirties in starting the California Physicians' Service, and it spread all over the country. This was a very forward looking attempt to provide widespread prepayment plan for medical bills. California should be commended for it.

### Medicine for the Poor

Morris: What about the very low income people? All these plans that you've mentioned, on prepayment, were for employed people.

Lee: The very low income people universally, all over the state of California, were taken care of by the county. They were poor people and the county had county hospitals. We developed and had the best series of county hospitals in the country. The San Francisco County Hospital, the Los Angeles General, were a few of the great hospitals in the United States. Every county had a good one. San Mateo County Hospital's a good one, so is Santa Clara, so is Southern County, so is the one at Fresno. They had a wonderful system of county hospitals. This took care of all the poor people, the ones that are taken care of now by the state, under Medicare, were taken care of by the counties in the county hospital system.

Now, it did not apply to out-patient treatment. The out-patient treatment for poor people was almost completely lacking in that period. It was provided in the cities by the medical schools, the free clinic.





Lee: Clear back from the very beginning, the Toland Medical School, which later became the University of California, had a free clinic. They would also provide outpatient clinic. Then the Lane clinics, which were part of the Cooper Medical College, which became the Stanford Medical School, did the same thing. I used to work as a student in the Lane clinics, and I delivered many babies, all over Russian Hill, in the Mission, in homes all over town.

They had the College of Physicians and Surgeons before these other schools which did the same thing. The same thing happened in Los Angeles through the USC medical school. UCLA came much later. They had the College of Medical Evangelists down there, which did the same thing. Then they moved out to Loma Linda. They were the Seventh Day Adventists.

So, in general the poor people, if they got sick, they went to the county hospital and got cared for; but if they got sick at home, they would call up the county welfare department and they would try to get some doctor to go and see them. A good many doctors did do free work for the welfare system. All of the work the doctors did in the county hospitals was done by volunteer doctors who got no pay at all. They got a good deal of experience. They had a chance to learn things, and they used the people for teaching in the big cities where there was a medical school. Those were the days when it was considered part of the doctor's obligation to give a certain amount of his services free to the poor. That was a tradition of medicine until the governmental intervention came, and we all felt that we ought to do from ten to twenty percent of our practice with the poor.

Now, in the Palo Alto Clinic, when I first came here and first started it, we had our poor problem too, and we had a category of people that were labeled N.C. That meant "no charge." We were a private organization, but these were poor people. There was no county hospital here, so we took care of it. If they had to be hospitalized, we would ship them down to San Jose to the county hospital...and that was done all over the state. The doctors took pride in the fact that no poor person would suffer from lack of medical care, but they furnished it free. Unfortunately, during that period, that's exactly what the care was worth too.  
[Laughter]



### Growth of Medical Knowledge

Morris: You mentioned this earlier about the increase in the possibility for getting a cure for a medical ailment in the last generation.

Lee: This has made all the difference in the world in my medical lifetime. A great study was made in England, Wales and Scotland covering the latter part of the nineteenth century. Now, there's not the slightest evidence from that study that medical care influenced the longevity of the people or the incidence of epidemics. It didn't make a damn bit of difference what country...it would have been just as well off if it had had no doctors at all, from any statistical basis. Henderson, in 1910, made the remark that I quoted you. He said, "If the random patient with a random disease makes a random contact with a doctor, he has less than a fifty percent chance of profiting from the encounter."

Now, that all began to be changed about 1915, and before that actually, with the development of antitoxin for diphtheria, and then salvarsan for syphilis. And then came the terrific series of discoveries from 1925 on, corresponding to my period of practice. Though I didn't cause it all to come about. I can't take all the credit for it. [Laughter]

Morris: You showed good judgement in being born when you did. [Laughter]

Lee: Certainly the right time. Now, it's perfectly apparent, now for the first time in the history of mankind, access to medical care makes an enormous difference in both the individual's prospects and also in the fate of society. And the net result perhaps has been a disaster, in that that has brought around the population explosion. Previously the infant mortality was so high, then so many young people died of acute appendicitis, and when they got a little older they died of tuberculosis, and in their late teens and early twenties they died of typhoid...that kept the population down. All those things are eliminated. Three of my brothers and sisters died in one week of diphtheria. That never happens any more. I've had one person die of diphtheria in my whole medical career, and that was the foster child of a Christian Science mother, who wouldn't let the kid get treated until he was on his deathbed.





Lee:

This has changed in my lifetime. Now, what with good diagnostic methods, much improved hospital facilities, enormous improvement in surgery and in anesthesia, and then the greatest of all improvements, the antibiotic discoveries, we have, practically speaking, eliminated infectious disease. The great killers of my youth were diphtheria, and scarlet fever, and enterocolitis (we called it cholera morbus), and typhoid fever, and tuberculosis, and the greatest of all, pneumonia.

In 1918, when I had the flu ward in the San Francisco Hospital, 65 percent of my admissions died of pneumonia. When I went to the Air Force, we had a flu epidemic of the same kind. I called the doctors together. I said, "If anybody dies of pneumonia in this hospital, some doctor's going to get court-martialed." That's the difference, because we could cure it and prevent it by then. That's largely due to the advent of penicillin and the other antibiotics.

So, that's what makes it so important now that everybody has access to good medical care, because access to good medical care has some meaning now. It had no meaning in days gone by. If you want to have your kids live, you want to have a good doctor, because then they won't get diphtheria, they won't get meningitis, they won't get polio, and if they do get them, they'll be cured. This is a revolution.

### Increased Demand

The net result of this, of course, has been to enormously increase the demand for medical services. The unions got next to this twenty-five years ago, when Walter Reuther was a young man. He was a good friend of mine; he had just written a contract with health and medical care and he said, "Russel, there'll never be another union contract written in this country that doesn't have health and medical care in it." It was a novelty then; now it's literally true, it's the first thing they negotiate, and they never have any haggling about it. The company provides a health and medical care service. And of course, this has greatly increased the demand for medical services, because these poor working stiff's in days gone by only got a doctor when they thought they were going to die,



Lee: because they couldn't afford it. The ordinary working men in the early years of this century, and in the last years of the nineteenth century, never went to a doctor until they were on their deathbed. The women were delivered by midwives. If a man had a broken leg and the bone was sticking through the skin, they tried to get a doctor.

Morris: Oh dear.

### Kaiser Permanente Plan

Lee: But, up to that time they didn't. But now, because of the union health care plans, and the education they've had, all the union men want access to good medical care, medical care of high quality. That is what has brought about a lot of these prepayment plans.

During the forties, the Kaiser plan, which was a natural outgrowth of the Ross-Loos plan, because they almost precisely followed the Ross-Loos procedure, found that if they furnished health and welfare, they could get employees for their shipyards, when the other shipyards couldn't get them. Then, in order to get the care for his shipyard workers, Kaiser hired doctors that he brought in from the east solely devoted to caring for the shipyard workers in Oakland and Marin county. After the war was over, the ship-building was over, he had the organization for the health service all put together.

By this time, the Palo Alto Clinic had also been organized as a partnership, and the Kaiser doctors came down to see me and see how we had organized and took our partnership agreement and went ahead and organized the Kaiser doctors' group practice and then they proceeded with the Kaiser plan and opened up not only to shipyard workers but to everybody. Mostly though by groups only, and usually by labor unions and that was the beginning of the Kaiser. It began during the war boom and now it has become the most talked-of prepayment plan in private hands in the United States.

Morris: How did the Medical Association feel about Kaiser?

Lee: Oh, the Kaiser plan was fought bitterly in its beginning by the Medical Association. As a matter of





Lee: fact, it was so bad that they would not let a doctor who worked for Kaiser join the Alameda County Medical Society. Dr. Hewlett's daughter, Dr. Hewlett was one of the great professors of medicine at Stanford, tried to join Alameda County. They blackballed her because she had taken part of her work at Kaiser. Well, I had a big battle with them over that, and they rescinded it as far as she was concerned. Alameda County let her in. But they had a long period there when if you had anything to do with Kaiser, you weren't going to have anything in medicine. Just to show my defiance of it, when my son Dick came back from the war I said go to Kaiser and take your residency in obstetrics at Kaiser. He did and it hasn't hurt his career. He got a good service there.

But now as the years go by, they've softened, and Kaiser is perfectly respectable in medical circles. In fact, they regard it as something of a bulwark against governmental-controlled health insurance. But Kaiser came in for a great deal of battle. I remember Louis Allison who was once president of the California Medical Association getting up in a state convention meeting and shouting at the top of his voice, "The worst menace that has ever approached the doctors of California is the Kaiser Permanente system, and we must fight it in every way we can." Of course, that's utter nonsense and it's proven to be one of the pioneers in privately organized insurance plans. Matter of fact, all during that period when Kaiser was on the upgrade, they adopted the first partnership plan, the one we had made for the Palo Alto Clinic. Matter of fact, the Kaiser partnership plan was done in my living room out on the campus.

Then a year or two later, old Henry Kaiser got me one day up at the Bohemian Club and offered me a job.

Morris: To run their Kaiser Medical Group?

Lee: Well, not to run it. He had Cliff Keane, and he had Cecil Cutting and others. I don't know what my function would have been. But the Palo Alto Clinic was growing by leaps and bounds, and I asked Mr. Kaiser who I'd be working for. "Well," he said, "You'd be working for us." I said, "I don't like that, I like to work for myself. In Palo Alto, I'd be working for me." So I never took it, but we were very friendly about it all.





Lee:

And so that's how they put in the Kaiser medical plan, and that enabled them to keep their employees. In those days of the war, it was very important to be able to get employees. If they dangled the health and welfare aspects of this, it greatly increased the chance of getting good employees. And then, it proved to be an acceptable and desirable thing, and out of it came the great Kaiser plan, which now has two million people in it.

Well, this greatly increased demand for medical services comes about, in the first place, because for the first time medical services are worth having. In the second place, the people know that they're worth having now and demand them. In the third place, what with increased affluence of everybody, and insurance plans of one kind or another, people can afford it. And this demand for medical services greatly exceeded the supply. We haven't increased the number of doctors and nurses, or paramedical personnel, to anything like the degree that we've increased the demand for medical services. That's why doctors are all swamped and why they won't work weekends. They don't have to. They can make so much money working five days a week they don't have to work weekends.

### Climate of the Forties

Curiously enough, this has been the principal impediment to the growth of such plans as Kaiser and to the growth of any kind of prepayment plan, because the doctors say, "Hell, why should we go into a plan like that? We're making as much money as we want to make, with the income tax being what it is, and we have our complete independence." Previously, they could get people into plans like Kaiser, because the doctors would have more security and make more money, and have a better retirement plan and so forth; but it's very hard now to sell big prepayment plans to the doctors, because they're doing so well on their own. And that's the size of that.

So, we would have a great advance in prepayment plans of all kinds now if the doctors weren't doing so well. Actually, now, though, a new spirit has come over the medical profession, and it's hit California, curiously, better than any other state. The California



Lee: medical profession used to have very conservative leaders and now it has very liberal ones. You hear this said all the time, "Our duty is to provide medical service of high quality to all the people, at a price they can afford to pay." And their feeling, the sense of social consciousness in California, is unequalled in the whole United States.

Morris: Well then, what produced the halting of this spirit in the forties?

Lee: Well, the forties were like this. The conservatives fought medical insurance by calling it Communist. This was socialism, and we were very much against the Communists. Senator Joe McCarthy was riding high, and all you had to do to damn a person was to say, "You're a parlor pink," or "You're a Bolshevik." There was this great spirit, anti anything that had to do with any sort of governmental interference in welfare. It was a sort of a spirit of the times. Then we were in this enormous period of prosperity. They said, "We're doing all right in private enterprise. Why should we change?" And that was the reason behind it.

The thing that surprises me now, is to see the rebirth of this spirit on the part of the doctors themselves, that they feel they're responsible for bringing good medical care to the public. This is a matter of the last two or three years, and it's increasing greatly. That is why the California profession is much more receptive to such things as Medicare. For instance, long before we had Medi-Cal, as it's called now, California passed the Casey 846 bill, which in effect gave prepaid insurance type of medical service to all the poor people in California. It was way ahead of the rest of the country. Essentially the Title 19 of the bill that set up Medicare set up what is called Medicaid that is, aid to poor people, was the copy of the California Casey bill. It was passed before Medicare was passed, around 1962 or '63. That was a sign of the times. As I was saying, there's a new spirit here.





### Warren's Health Insurance Legislation

- Morris: Could we go back a bit to Warren. In your opinion, how did he happen to pick up health insurance as an issue? He was a Republican. Olson had proposed health insurance legislation in the session before, and was a Democrat...
- Lee: Well, Warren was essentially what you call a progressive Republican. In many ways, he was close to the Democrats in his philosophy, and he was a very astute politician as well. He recognized that California was a liberal state. The movements such as Upton Sinclair, who almost got to be governor, and Culbert Olson, who was very much a welfare man...
- Morris: Olson was considered something of an extremist, wasn't he? Pretty far out?
- Lee: Yes, he was, and he lost out as a result of that. But the fact that California was receptive, and even friendly, to what you might call the welfare state was not lost on Warren. I think his political sense led him to realize that this was a popular issue that he could well support, and he did. Now who influenced him, I do not know. I didn't know him in those days. He came into power while I was at war. I'd known him slightly when he was beginning his very brilliant career as district attorney in Alameda County. He was always mixed up in very dramatic cases and he was a very handsome young man and had a wonderful speaking voice and a most impressive courtroom manner. We all thought Earl Warren was a real comer in those days.

### Medical Association Opposition

In the first session of the legislature, after he became governor, he introduced a bill for a statewide medical insurance plan. Now this plan he introduced with what he thought was the complete support of the doctors, because the House of Delegates in the year preceding had supported his plan and said that we would go for it. They had voted unanimously in favor of the Warren plan. But when it came to the legislature the next year the California Association fell into the hands of some very conservative people, people like



Lee: Dr. John Cline who later became the president of the AMA, and they mobilized a great hue and cry against Warren that this was all state socialism. They brought up that shibboleth. They reversed themselves and in the next year they voted against supporting the Warren plan.

In fact they did just the opposite, they established a very strong lobbying office in Sacramento with the great, colorful June Harris in charge, and Dwight Murray who also later became president of the AMA. He was also a lobbyist for them. He practiced in Napa but knew all the legislators. They fought Warren tooth and nail, and they succeeded in beating him because they mobilized the doctors all over the state. They said this is going to ruin you and the doctors were beginning to do very well, what with war business and so forth. Another thing, too, that beat Warren's health bill was the war. There were not enough doctors to carry on any prepayment plan that would increase utilization.

Morris: This was 1945 and '46. Weren't doctors beginning to come back then?

Lee: With the war there was tremendous dislocation. Forty percent of the doctors of California were taken into the armed forces in one capacity or another. Those that were left were tremendously overworked. They were coming back by '45, but also as doctors came back, there began a great population rush to California and the population increased far more than the doctors did.

At any rate, the Medical Association succeeded in beating Warren's medical plan. They kept up, though, a continuous vendetta against Warren. They fought him in every election he had, but he succeeded in getting re-elected and re-elected, usually by a bigger margin every time. I think the second time he ran, he got both the Democratic and Republican nomination and there was no opposition to him on that score but the Medical Association still opposed him.

Well, I was one of the few of the doctors who was in the House of Delegates who favored the Warren plan. I got myself somewhat unpopular by that, but during the time of the really hot stuff going on in the legislature I was still away at war. I went to the Air Force and I finished up as Chief of Preventive





Lee: Medicine in Washington so I got pretty much out of touch with California medical affairs.

### Senate Committee on Health Needs

So, I didn't know Warren at all while he was Attorney General for the state, and then I did know him, because I happened to see him right after I came back from the war. I was in the AMA and I went to Sacramento and we discussed health insurance. I told him I was for it, and then Salsman had recommended me to him when his California State Senate Committee did their review of health plans when I worked with Gordon Claycombe.

Morris: That's Byrl Salsman who later became a judge?

Lee: He just retired from the Appellate Court a month or so ago with great honor. He had a fine career as a judge. I think he lives in San Francisco, because that's where his court was.

He introduced the law that I promulgated for the control of venereal disease which set up the Bureau of Venereal Disease in the State Board of Health in 1938. In getting that Bureau of VD set up, I had a violent controversy with the State Board of Health and with Howard Morrow, who represented the right wing type of doctor in California (we've had too many since). But Salsman, with very clever legislative maneuvering, by threatening to have an investigation of the State Board of Health, got him to agree to our law. That set up the Bureau of Venereal Disease. That got me very much interested in the public health aspects of medicine.

I had been in preventive medicine during the war, preventive medicine in the Air Force. I was the chairman of the Military Medical Section of the AMA. Then they appointed me their delegate to the House of Delegates. There, I immediately, on a national level, got very much involved in the economics of medical care, and revived in the AMA circles the Warren proposals that he had proposed for California just the year before in 1943. And of course, I didn't get anywhere with the AMA and Warren didn't get anywhere in California.





Morris: Could we go back a little bit on that legislative session in 1945? Because, apparently that was the hot and heavy session.

Lee: That was the session. I was not involved, because I was still in the army when this session was held. The year before, the California Medical Association had endorsed the Warren Plan, I think unanimously. The next year, they rejected the Warren plan, also almost unanimously, not quite. Then Warren drew up the legislation. That's when the California Medical Association put on the tremendous lobbying activities that really turned the tide and defeated Warren's attempt to get health insurance in the state of California.

#### Role of Whitaker and Baxter, Inc.

Morris: This was the campaign that Whitaker and Baxter were involved in?

Lee: Well, Whitaker and Baxter were involved from that time on. The California Medical Association hired them. They also hired them to put on a terrible attack against the Truman commission that I was on later on in 1952. I got in collision with Whitaker and Baxter after that. But they brought in Whitaker and Baxter to fight the Warren proposals in the legislature, which they did very successfully.

That's when the California Medical Association first got into politics up to their ears, with John Cline and June Harris and Dwight Murray, and that group of very conservative doctors, and they aroused the state to the great dangers of the Warren plan.

Morris: And then in 1946 you worked with Salsman's Senate committee on health needs?

Lee: I was their chief consultant to make an interim study of what to do about the health affairs of California. With Gordon Claycombe, who was a promising young public relations type of person, we got out a very good report on the medical problems and what should be done about it and ended up by supporting a statewide health insurance plan and we got promptly attacked by the official California Medical Association people. During



Lee: this time I got much better acquainted with Mr. Warren, because he appreciated my support of his views along the health insurance line. That friendship has continued ever since. I don't say I'm any intimate friend of Mr. Warren, but I know he's very friendly to me and I've seen him a good many times. He's become a very close friend of my son Peter, who's professor of medicine down at USC Medical School, formerly acting dean down there.

Morris: Did the Governor meet with your committee while it was doing its study?

Lee: We never met with the Governor at all. What I was supposed to do was to get a staff together, and Gordon Claycombe was head of the staff. He was an employee of the senate committee. They had an interim committee, like they still have for many subjects, and this interim committee undertook to do a study to bring in a report to guide the state legislature. Which we did. We brought in a report which was very favorable for the Warren type of statewide health insurance. It was not passed. It floundered around in the legislature and never got anywhere.

Morris: I have some notes that say there were thirteen different bills on health issues in that legislative session.

Lee: Yes, you had a lot of them, but they never got off the ground. Warren didn't get anywhere with his plan, though I found myself quite in sympathy. I was never any intimate of Governor Warren, but I could always get in to see him, and frequently did about any medical affairs that I thought were possible.





### III OBSERVATIONS ON EARL WARREN AS GOVERNOR

#### At the Bohemian Club

Morris: Did you ever see Mr. Warren at the Bohemian Club?

Lee: Oh yes, sure. Saw him up there a great deal. He used to come to my camp up there and we were good friends. I would see him every summer at the Bohemian Grove. He didn't come to the Club in the city very much while he was Governor as a matter of fact, but he used to come to the Grove for part of every encampment. I saw a good deal of him at that time. And then by that time, he began to be known as a sort of a liberal which is a tough role to play and be a Bohemian Club member, I'm sorry to say. But he was popular.

Morris: What about the theory that many people have in California that a lot of the business of California is conducted at the Grove?

Lee: Oh, no question about that. As a matter of fact, the United Nations was founded up there, in the clubhouse at the Bohemian Grove. They got the first group together. They wanted a place that was completely private, and nobody know what was going on. They met up there and put together the first draft of the Charter of the United Nations up there.

Morris: During the summer encampment?

Lee: No. It was not during the encampment period. They'd of known something was on if it was during the encampment. It was when there was nobody up there. They just used that hideout. They had good facilities for that sort of thing. There's a lot of stuff goes on



Lee: there. As a matter of fact, Nixon's been a very prominent member up there, as was Warren, and a good many other prominent political figures.

Eisenhower was a member of the Bohemian Club as a matter of fact. Actually, the first announcement that Eisenhower ever made that he was going to run for the presidency, was made at a lakeside talk at the Bohemian Club. These are not supposed to be quoted, so there was never any newspaper, but he made a lakeside talk, and in the course of that talk he told us, it was perfectly plain that he was going to run for the presidency. To my best knowledge, that was the first time that was ever done.

Well, Warren, coming back to his participation, Warren brought his health insurance plan up to every legislature for about four years. Then about 1945 he quit bringing it up. I don't think he proposed it after 1945.

#### Department of Mental Hygiene

Morris: Our notes indicate that the last time he proposed it was in 1949, and by then, in 1950, we were in the Korean troubles, and there were other matters that were more significant. There were other health issues at the time besides insurance. There was the business about organizing the Department of Mental Hygiene.

Lee: Warren took a very big interest in mental health. I brought Maxwell Jones, who was the leading psychiatrist of Britain, to see him. We went up together to Warren's office. Maxwell Jones had the most progressive way of handling mental patients that the world has ever seen. So Warren offered him a job to be the head of mental health in California. Then it came about that he couldn't take the job because he couldn't get a license to practice in California although he was one of the leading doctors of the world, unless he interned for a year in California. He said, "I have to interne a year? The hell with it." He went back to England. Warren was greatly taken with Jones, and so was I, because this would have been a great step ahead. However, Warren was a great supporter of all the mental health activities. We built up, under Warren, the finest, the strongest mental health department in the



Lee: country until it was ruined by the Reagan administration the last two years.

Both the State Department of Health and the mental health department under Warren were very strong. The State Department of Health has seriously deteriorated now, and so has the mental health department, as a result of the so-called economies of the Reagan regime.

Morris: Did you know Dr. Frank Tallman? He came in from Michigan as director when they finally did set up mental hygiene as a separate department.

Lee: Oh sure. They started, which Reagan has kept up, and which, I'm sure, is the way it should be, community health facilities. The great state hospitals are just human cesspools, and they should be broken up and the care of the mentally ill put back to their communities in state-sponsored community mental health institutions. That's where it belongs. We've moved pretty well in that direction until the Reagan era and now it's had a setback.

Morris: There was also a fuss about starting a school of public health at Berkeley.

Lee: I had no involvement in that, except to give it vocal support when the proposal came up. The school is in existence now, as you know, and run by some good friends of mine. I'm going up Monday and give a lecture there. I do it every year still.

Morris: What are you talking about?

Lee: I talk about social medicine, group practice and prepayment plans and the relationship of the practice of medicine to the welfare of the state. It's a sort of a semi-philosophical, sociological, socio-economic talk about how doctors should be organized. The next time I'm going to give them practically a repeat of a paper I wrote for the Southern Pacific Hospital Association, as a matter of fact, on medical care of the future. I'm projecting, like a prophet, how medical care will be in the future.

Morris: This is Monday's talk?

Lee: Next Monday up at Berkeley. This has been going on for years now. Ever since I was on the Truman Health





Lee: Commission, I've been going over at least once a year, and I'm around each semester. So I've been in close touch with that, but I can take not the slightest credit for having anything to do with the foundation of it, though the directors of it have always been close friends of mine, and associated in other things in days gone by.

Then I'd say that Warren is going to be like many other prophets who live long enough, and see his prophecies come true. The plans that Walter Reuther is pushing now for national health insurance are not essentially different from the plan that Warren pushed for his health insurance in California in 1945 and '46. And this time, with some tailoring and modifications, it's almost sure to be passed on the national level. That's going to be quite a landmark in medical history, and I'm sure that Warren will take great gratification in seeing his policies finally put in effect on a national scale.

#### Emphasis on Human Needs

Morris: Well, there's been quite a lot made of his concern for poor people, as a fellow human being, aside from the political advantage.

Lee: I think Warren is a true humanitarian, that his principal politics is what you'd call modern humanism. He thought the welfare of the people was the principal concern of government. That put him in the same stable as Theodore Roosevelt, even Hiram Johnson in his earlier years was also devoted to that principle, and that is a little contrary to the feeling of many Republicans now, like Reagan and Nixon. Their principal concern is that government should tell the people what is good for them. The emphasis is more on law and order and property rights in the Nixon-Reagan type of approach. In the Warren-Theodore Roosevelt-Adlai Stevenson approach the emphasis is more on human needs and human rights. The Reagans don't care much about human rights. They care a great deal for law and order. There is that kind of split between those two kinds of Republicans.



### Medical Insurance is Useful

Lee: In that sense, I'd say Warren was always in his career a humanist, and that led him to the idea that medical insurance was useful.

Then he was struck by the great zooming success of the Kaiser plan, which was started during the war. Right after the war they said they were going to throw it open to the public. The unions were clamoring for membership in the Kaiser plan. The Ross-Loos clinic in Los Angeles was also doing very well. Those two examples gave Warren the idea that, "Why can't we do this too?" I mentioned earlier the French Hospital and the Southern Pacific Hospital, the German Hospital. Then there's Dr. Callender's plan, which is a private prepaid plan that flourished for a while in San Francisco. It did very well.

So Warren had a good deal of exposure to various prepaid medical plans. As far as I know, there was no person that got his ear and influenced him greatly in that direction. I don't know who put Warren up to this.

Morris: There are a number of reports. One is that he himself had a serious operation that ran up a large bill. That he felt a financial strain himself. Another is that Bill Sweigert had been interested in health insurance for some time.

Lee: That I have no valid information about. I did know Warren's general attitude towards people, and he was interested in the welfare of human beings.

Morris: With your listing of the number of prepaid plans, I get a kind of a question: Was there some concern by the medical profession as a group that maybe the state was going to do them out of business or that group practice would put individuals out of business?

Lee: Well, not until Kaiser came along. The French Hospital plan and the Southern Pacific Hospital plan were thoroughly accepted. Ross-Loos, however, got in bad trouble with the medical profession. They were barred from the California Medical Association. They were outcasts. You couldn't belong to Ross-Loss and belong to the San Francisco and Los Angeles Medical Societies.





Morris: What had they done? Did they support the Governor?

Lee: No, they didn't support the Governor, because the Governor's plan would take their business too. They were in the private insurance business, and they weren't too enthusiastic about the Governor's plan, just as the Kaiser people wouldn't have been too enthusiastic about it, though the Kaiser people had the same political slant as Warren. In a sense, the success of a state insurance plan would put them all out of business. A successful state insurance plan would make Kaiser redundant, would make Ross-Loos redundant, make these other private plans superfluous really.

#### Commercial Insurance

Morris: Except that in 1946, the statistics were that the private plans covered only two percent of the population.

Lee: Sure, they didn't amount to anything.

Morris: How about the insurance companies?

Lee: The insurance companies got into this very slowly. I told you about in the twenties, the hospital bond scheme, which was largely bought by schoolteachers and nurses, and it went bankrupt. As a result of that, in general, insurance companies would not handle health insurance at all, except such people as Lloyd's of London...you could get any kind of a policy out of them.

Then came the CPS, and it showed it was likely to be a huge success.

Morris: That was put together by medical profession people.

Lee: Medical people. Then the insurance people took a look at this and said, "Ah. Maybe this is good business." So here in California, the Occidental Insurance went in in a big way, and then, as I told you, the Ross-Loos people actually organized an insurance company of their own, called the Independence Insurance Company.



Lee: Then, Continental Casualty, Occidental, those three particularly saw a bonanza in the health insurance field, and they began writing policies to cover union groups and all others. They would cover schools, like Stanford and others. Health insurance was very profitable because they eliminated all the bad risks. If you had utilization beyond a certain amount, they'd drop you. You couldn't take it again. When you got old, they'd drop you. They wouldn't take anybody over sixty.

Morris: And if you had mental illnesses.

Lee: Yes, and they wouldn't cover things like pregnancy. You see, people would say, "Now that we've got insurance, let's get pregnant and have a baby." So they would eliminate those things, and that was the principal fault of the insurance company plans.

Actually, they benefitted the rich people. I remember one very rich man who had a Sun Life of Canada policy (that was one of the big health insurance companies too). He was many times a millionaire, but he was a canny guy with health insurance. He came in and had an operation here in the Palo Alto Clinic, and a great deal of medical care, because he was desperately sick. He, who was worth thirty or forty million dollars...I remember it, because I signed the vouchers for it...collected \$8,800 from the insurance company for his doctor bills alone, and the hospital bills were about the same size. The premiums were high, but if you got a big illness like that, it was well worthwhile.

And so, these insurance company plans, then and now, are selective to eliminate the bad risks. Of course, it's the bad risks that need it. It's the poor people, the working people and the old people who are going to get sick, who need the coverage, but they can't get it.

Poverty makes for illness, and illness makes people poor. It works both ways. They're the ones who need it the most, and they can't afford the premiums.

So, the private insurance companies have always fought the state insurance plans. They've even fought Blue Cross and Blue Shield, though they've quit fighting them now. They fought Kaiser, too, thought it was contrary to their business interests.



Migrant Workers' Health

Morris: There are a couple of other medical issues that have come up in relation to Warren. One is agricultural workers' problems in 1947. Dr. Coke was working on these for a committee and I wondered if you had any recollection of this.

Lee: I don't know very much about that. The migrant workers and the plight of the farm workers in California got very bad in the forties with the wet-backs coming in from Mexico just for the season of fruit-picking. They had miserable sanitary accommodations, and it was a scandal. It began to be called to attention, and a number of people who now are still prominent in the health movement got involved with it. There's Paul O. Ruark, who's now running the East Palo Alto Clinic for the blacks, and Bruce Jessup, who used to be in the population control at AID, used to be in the clinic for that matter. Bruce Jessup got the present migrant workers' health law passed through the Congress, actually. That originated here in California.

If you want to get the whole background on that, on the migrant and the farm workers, Bruce Jessup is the person.

Morris: Would this be back in the forties?

Lee: Well, his work was mostly in the fifties, and sixties, actually, but he's familiar with all that went on before, and he can give you the whole dope on it much better than I can, because I was never actively involved in that at all.

Morris: Well, I got interested because there's a reference back when Warren was District Attorney that they were expecting trouble with migrant workers, lettuce pickers, in Southern Alameda County, and he sent out people from the District Attorney's office to see what kind of conditions they were going to be working under.

Lee: That I didn't know about. I did know about the cotton-pickers down in the southern part of the state. Yes, we had a bad time of it with them.





Warren as a Prophet

Lee: Well, now, coming back to the Warren role, I think that Warren's role in health affairs was very important, but it wasn't one of the things that he ever made a success out of. We usually remember people by the successes and not by the crusades. Now, after the lapse of twenty-five years, almost precisely, the Warren proposals are about to be passed by the Congress. And that says significant and interesting things. He was like many pioneers and prophets. You have to live a long while to see your prophecies come true.

Warren did have an important part to play, but he was as much a product of what was going on in California as he was an instigator of what went on, because there was a great deal of activity in the prepayment, insurance for medical care, field in this state, long before Warren was an important political figure. And he felt that. That became part of his political philosophy. He did not originate it, though he did make the proposals for health insurance.

Morris: He kept it going?

Lee: He kept it going, but then he dropped it after defeat of his health insurance plan in '45 and '46. He said he was going to bring it back again, but he really never put up much of a fight for it after the first big round. He saw he was licked. He always maintained he was for it, and I will say that the AMA kept up their animosity to him for years after that. But you can't designate Warren as one of the great crusaders for prepaid medical plans, or state medicine, or socialistic medicine or anything like that. He was a politician, and as somebody said, "Politics is the art of the possible." Warren was a consummate politician in that regard. He didn't try to do things that were impossible.

Morris: Do you recall his giving credit to Olson.

Lee: No, I never saw him say anything nice about Olson.

Morris: That's what I think is interesting in that he then picked up Olson's proposals.



Lee: Well, he picked up some of his proposals, but he left out a whole lot of the things that Olson proposed that would have made California a real complete state socialism in not only medicine, but all other areas.

### Ways of Providing Medical Care

Morris: This question of terminology comes up. Would you care to have a go at making the distinction between what is socialized medicine and what is social practice of medicine. Social progress is the way Warren put it. Social progress in medical practice.

Lee: There are three approaches to provision of medical service. One is the complete laissez-faire, in which the government keeps its hands off completely, and say, "The people's health is their own business, just like providing themselves with food and shelter, they should provide themselves with medical care." And that existed until relatively recent times, in which the doctor made his living from the patient directly. Fees for service, private practice medicine, that was true all over the world. Then came the second concept, that the state should make it possible for all people to have access to medical care, through a combination of this fee for service, private practice, and insurance. And this got its first start under Bismarck in Germany. That began the great social services of Germany; they were the invention of Bismarck.

He put in what was essentially our first social security system. He had a retirement plan for old people, and he set up insurance companies which the state very largely supported. The doctors did the private practice of medicine, but they worked on the insurance patients and they could only charge what the state said the rates could be. A house call would be so much, and so much for a tonsillectomy, and so forth. That's the second stage.

The first stage, I say, is the completely laissez-faire, private, fee for service, practice. The second is the state insurance plan, where the state supports an insurance program. Now this is practically complete in all the Scandinavian countries. Sweden is the best example of that. All the doctors are private doctors, but it is the state insurance plan.





Lee: The next step in this was the British health plan. It began, like the Scandinavian, with insurance panels. They had a state insurance plan, and a doctor would have a certain panel. Then, right after the war, the British, practically speaking, took over the entire practice of medicine. All the hospitalization was completely free in state-owned hospitals. All the doctors worked for the state insurance panel. They did have fee for service in this extent. It was capitation. A doctor could sign up for as many people as wanted him, up to a certain point. They wouldn't let a doctor have more than a certain number of patients because they figured he couldn't do the work for them. And he got paid on a capitation basis for the number of patients he had. All the specialist work was done in the hospitals. These specialists were paid more than the general practitioners who did the outpatient work. The general practitioners (that's one of the weaknesses of the British health system) couldn't attend their patients in the hospital. When they went to the hospital, they fell into the hands of the hospital staff and the specialists.

Then the next step in that was the system of Russia and China, in which all medicine is completely state. All the hospitals are free, all the medical services are free, and the doctors are salaried employees of the state, just like other state employees in any other state department.

### Hybrid American System

Now, in between this is the American system. We have a certain amount, a great deal now, of government insurance. As a matter of fact, what most people do not realize, is that seventy percent of the hospital beds are government beds.

Morris: [Laughter] That is startling. You're thinking of state hospitals and veterans hospitals.

Lee: In the first place, every other hospital bed in the country is for an insane person. There are as many patients in mental hospital beds as there are in all the other hospital beds put together. Those are all government beds, practically speaking. There are a few private mental hospitals, but they're miniscule.



Lee: Then there are the veterans hospitals, the marine hospitals, and then the county hospitals, and all these put together, adds up that only thirty percent of the hospital beds in this country are private beds anyways. So we've gone a long way down the garden path without knowing it, towards what you might call socialized medicine.

However, not in terms of money. Because, the amount of fees paid for the private thirty percent is about equal to the other seventy percent that is government, because they're much more expensive. And then, we have doctors working at salaries in the Army, Navy, Marines, Public Health Service, and for the Veterans Administration, salaried doctors working precisely like they do in Russia. There's no difference essentially between their status. A doctor working in a veterans hospital works under almost the same conditions as he would in a hospital in Russia. Completely socialized medicine in other words.

Morris: Clients have to be certified for eligibility.

Lee: That's right. But we have in this country something no other country has had, it's unique, and that is the private insurance company entering into the field. And then such enterprises as H.I.P., Kaiser, Ross-Loos, and the Palo Alto Clinic, and the setup up at King's County in Seattle, where private cooperatives of patients or doctors or industry, like the Southern Pacific hospital and so forth, get into the insurance business. So we are in a very mixed-up state.

We have a great deal of socialized medicine. The veterans hospital system, the military medicine, most of the care of the insane, are a completely socialized medical system.

Then we have semi-socialized, like the county hospital system, where the doctors work part-time in the county hospital for nothing, and then they work in their private practices, like the staffs of medical schools mostly do now. They work in the free clinic just for part of their salary as professors.

And then we have the strictly private practice, in which the doctors now, however, get a great deal of income through insurance. We here at Palo Alto Clinic keep three girls working full time filling out insurance forms. That's all they do. When I started I never





Lee: filled out an insurance form. I still won't. I don't have to now, but a doctor working by himself has to. That's one of the advantages of group practice. A private doctor can't afford a girl just to do insurance blanks, so he swears like hell and fills them out himself.

Well, here as I say, we've got everything in this picture here. We've got private insurance companies, and then we have, clear at the other extreme, we have quite a group of doctors in this country who are so recalcitrant and rednecked they won't even take care of insurance patients. They say, "I will not fill out insurance forms. I'll send you a bill. You pay me. If you can get some of the money back from the insurance company it's all right, but I'll have nothing to do with it." There are a lot of them, particularly in the middle west, who've adopted this attitude, and they try to boycott Medicare on that basis. "We will not touch Medicare. We'll take care of the old people. If they can get the money out of the government, it's up to them, but we will not put our bills in to the government. We'll put our bills to the old people themselves and they can get their payment the best way they can."

Well, that's the way it's gone, and now we have this government insurance that Walter Reuther's Committee of 100 wants (which I happen to be on too, by the way, though I'm not entirely in accord with all of it). They are almost the same as the Warren proposals, but on a national scale. Walter Reuther got his first education on this on the Truman Health Commission. He was on that Commission with me. We taught Walter Reuther all about health insurance. Even Nixon came out the other day and to my surprise said they were going to support national health insurance. (Taped Jan. 14, 1970) You could have knocked me over with a feather because Nixon was violently against Medicare.

Anyway, if we put this in, this will go very much along the lines that Great Britain went, down the path they went. That's quite different from Russia, it's quite different from the Scandinavian countries, which derive historically from Bismarck and his social insurance program in Germany. And so this has quite a long history and we in America have a combination of free enterprise, of state sponsored insurance, of private insurance, and patients' cooperatives. So the pattern in this country is very mixed up. This has nothing to do with the Warren philosophy, but he





- Lee: climbed aboard the state-sponsored insurance plan actually, which is one of the many schemes to get medical services paid for.
- Morris: This is true, but as you say, it's part of a progression in which I think Warren may be kind of a catalytic figure. He was there at a critical time.
- Lee: Well, I think that the proper picture of Warren in this thing is that he is a product of California, and he was raised in this climate, where this sort of thing went on. And particularly he was right next door to Kaiser, which I'm sure gave him some of his ideas. California was the place to be to get inoculated with this sort of thing. I don't think it's proper to give Warren the credit for having initiated this, though I'm sure he takes great satisfaction for the part he's played in it. But he was not a great innovator in this field. Other people were much more innovative than he was.
- Morris: I'm beginning to feel that this may be one of the important legacies, the fact that he did keep it alive.
- Lee: Well, actually, he mentioned it very little when he was running for the Republican nomination that Eisenhower got. He didn't make much of a point of health insurance, because he was trying to get the Republican nomination of course and they were notoriously conservative.
- Morris: He did testify in 1947 in Washington when Truman was first planning to get it passed.
- Lee: That was the Truman Health Commission that I was on. But in 1952, when Eisenhower and Taft and Warren were the three candidates, my recollection is not too good of that period, but I don't remember that he ever said a word about it.
- Morris: Well, this gives us the kind of picture we'd like of the background of health matters in the California scene. Warren was, as you say, a part of the scene as well as being a significant figure in it.



#### IV THE SOCIAL FORCE OF MEDICAL CARE (A Lecture to UC School of Public Health Students)

##### Right to Medical Care

Lee: My subject today is community medical care. Actually, what this means is the delivery of health services.

The cruel disability of old age that Zinsser talked about is very real indeed, but on the other side, you never know where you're going unless you know where you've been, and I really know where we've been in this field in a sense, because literally I go back to the horse and buggy days of medicine. I was delivered by a horse and buggy doctor in my mother's bed in a house in Spanish Fork, Utah, one of the third pair of twins my mother had. The doctor was a Harvard graduate, a very fine brilliant man, but unfortunately an alcoholic. Everybody knew, but they said, "When he's sober, he's marvelous. You have to catch him when he's sober."

When my mother was to deliver, father went down to the corner. He was a Presbyterian minister, who had gone to Utah with the naive idea he would convert the Mormons to Calvinism, and we nearly starved to death. [Laughter] Anyway, my mother went into labor, father went down and got Dr. Warner who was in the saloon. He hadn't started his afternoon drinking yet, so he was a little impatient. So he came up and in the due course of time, I was delivered. He got his coat to get back to the saloon, and mother said, "Listen, Dr. Warner, I've had two pairs of twins before, maybe I'm going to have some more." He patted her and said, "Mrs. Lee, just because you had twins before, don't think you're always going to have twins." So he went back to the saloon. He was hardly out of sight when my twin put in an appearance. Dad went after him again,





Lee: and before he got his drink, he had to come back again. By this time my brother was actually born, but he did what was necessary and so on and so forth. Mother said he was very humble. He patted her on the shoulder, and said, "Mrs. Lee, are there any more?" [Laughter]

We had horse and buggy medicine in those days. My mother had eight children in seven years. Three of them died in one week of diphtheria. I've had one death of diphtheria in fifty-one years of practice, and that was the neglected stepson of a Christian Science home that refused to let him have treatment. I was called in a couple of hours before he died, choked to death with diphtheria. To have practiced fifty years in Spanish Fork where I was born and not have diphtheria was unheard of.

Well, this is symptomatic of what has happened to medicine in the past fifty years. There is no diphtheria any more, and there is no polio any more, and that's a recent thing. Four of my own children had polio. They didn't get paralyzed. One of them got a little damaged, but not badly.

To summarize what has happened, in this lifetime of practice of mine, medical care has suddenly been worth having. Dr. Henderson, about 1910, said that a random patient with a random disease making a random contact with a physician stands less than a fifty percent chance of profiting from the encounter. And that was true in 1910. In other words, it really didn't make any difference whether you had a doctor or not. But now, it makes all the difference in the world. And the consequences are some of them good and some of them bad. On the good side for me getting in that age period, our life expectancy has gone up very markedly. When I was born the life expectancy for a male was forty years, and now it's seventy-three years.

But on the other side of the coin has been the population explosion. All the children who didn't die of diphtheria, and scarlet fever and typhoid and tuberculosis and cholera morbus (we called it) have grown up and procreated and we've had this tremendous avalanche of newborn babies threatening to overwhelm our whole social structure.

The overall consequence has been that medical care has changed the very fabric of society. After war, the most important social force is medical care. If



Lee: we can eliminate war, and there's some sign that this insanity may be capable of treatment, medical care will be the first important consideration in human affairs. So it is really a matter now of great importance, and the delivery of medical services to people who need them is a very vital social problem now. Because people who don't get it don't do as well.

I was on the Magnuson Health Commission. That was the Truman Health Commission in the fifties. That's twenty years ago now, but one of the most striking things we found, and it really shocked me, because I wasn't prepared for it--I knew, but I wasn't prepared for it--was when we studied infant mortality and maternal mortality, in various groups by income. The lower your income was, the more likely your wife was going to die in childbirth, your children would die in the first two years. The more money you had as you went up the scale, the less likely. Well this was a shocking thing. It meant your chances for living depended on how much money you had, and that was literally true in those days. It still is, to a deplorable degree.

The American Indian life expectancy is now about 46 or 47, while the white man's is 73. The Indian babies have four times the mortality of the white babies in the state of Arizona. This is still going on.

We all of us know the increased morbidity and mortality in the ghettos now. Black children have less chance of survival than white children, to the shame of all our society.

So, it's very important now to everybody to have access to medical services of high quality at a price they can afford to pay. That's a sentence I'm going to repeat. I've said this many times, and now it's beginning to be accepted. I said this first at the time of the Truman Health Commission: that all people have a right to access to medical services of high quality at a price they can afford to pay. That's the essence of our problem of delivery of medical services.

Now, this fact is not lost on people generally. The public knows this, they know perfectly well that if they can get good health services, they're better off. Walter Reuther, whom I knew when he was a young man, put in the first contract that had a health and





Lee: welfare clause in a union contract with the employers. After he finished this, he said to me, "Russel, there'll never be another labor contract made that won't have a health and welfare clause." And that's been literally true. That's the first thing they negotiate. The union people have found that if their people have access to good medical care at a price they can afford to pay, their wives are less likely to die in childbirth, and their children are more likely to survive, so they put this in.

This has been oversold if anything, the whole public has gotten the idea that medical services are somewhat miraculous and that the doctors in a good modern hospital can do everything. Of course, that's not true, by any means, and as a result, there is an over-expectation, and the result of that, of course, is all the malpractice law suits that come nowadays. If you don't actually perform a miracle on every case, somebody is going to sue you. We'll talk about that a little later too.

Anyway, increased affluence, more people have money; then Medicare, which paid for the medical bills of the old people, who require about four times as much medical care as people in their prime of life; and then Medicaid, Title 19, that supposedly took care of the indigents as well...all this has made a great increase in demand for medical services. So coming to the community health problem at the present time, there is a great increase in demand over supply. And that's the outstanding fact of life at the present time, in that people want more services than we are able to supply.

### Personnel Shortage

The difficulty of supply is part money, but it's mostly personnel, and to a certain extent it's facility. We are confronted first in this problem of delivering health services with an extraordinary shortage of trained health personnel. In 1950 I made the rash statement that we needed 22,000 more physicians that year, and we had a great debate at the National Health Council in New York between the president, or chairman of the board of trustees, of the AMA on one side and I on the other. But there was a big audience, and this





Lee: went on all day in which they told me that I was silly, we didn't need any more doctors, we needed to utilize them better.

Now, even the AMA will say we need 100,000 more a year than we're having at the present time. This is universally accepted, this shortage of doctors. In the matter of physicians, we now import twenty-four percent of all the doctors who start practice every year from foreign medical schools. And this is a damnable shame, because we have the greatest educational system in the world. We should be exporting doctors. We take these doctors from the Phillippines and Pakistan, particularly from Germany, from Scotland and England. They need doctors worse than we do, but they can make so much more money here that once they come here and get over the rather formidable obstacles to start practice, they never go back, because they do so much better here financially than they do at home.

But this shortage extends to nurses (after doctors the great shortage is of nurses), then all the other paramedical personnel. There are about a hundred subspecialties, technicians, and physiotherapy, and psychotherapy, and X-ray therapy and all these things. Dwight Wilbur said there were a hundred suchlike. I added up fifty-five here a while ago: separate specialties in what we call paramedical personnel health helpers. We are very short of those.

The one hope of overcoming the shortage of medical personnel is in the training of these paramedical people. You can train them in from one to five years. It takes about sixteen years from the time a doctor starts until you have an M.D. He has four years in college and four years in medical school, then he has from four to six years of postgraduate training because they all want to be specialists nowadays. They've overdone the specialties training. They train them much longer than they should. But it takes about that long. From the time you decide to start a new medical school and have the money it's about sixteen years before you get the first graduate. So it's not easy to get doctors, but it's much easier to get paramedical personnel. That's going to be the answer in the future, utilization of these people.

Now, in this country, we have generally speaking, about three types of medical services. Three systems let us say, if you can dignify any of it as a "system,"



Lee: because it is as unsystematic as it could be. It's actually confusion twice confused.

### Private Practitioners

First, we have the old traditional one of the private doctor in the private office and the patient comes to his office, and perhaps gets sent to the hospital, perhaps the diagnostic work is done there, and perhaps they give home calls. Fifty years ago, about half of my work used to be home calls. Now, if you ask one of the young doctors to make a home call, you'd think you're asking him to commit an act of prostitution. He's way above any such thing as being so undignified as to make home calls any more. That's the principal pattern still, solo practitioner in his office, seeing his patients on a fee for service basis.

The fee system "all the traffic will bear" used to be considered quite respectable, the so-called "Robin Hood" style of medical services. The doctor would charge the rich people too much, and he would take care of the poor people free. Well, doctors don't take care of poor people free any more, because other devices for taking care of medical indigents have developed. So doctors don't feel the necessity that they used to feel of taking care of the indigents for nothing.

It used to be even doctors in private practice in good neighborhoods felt they had to do from ten to twenty percent of their work for nothing. They'd work in free clinics, or they would have a certain list of their patients who were not charged. That's about disappeared, because as I say, other arrangements for taking care of the so-called medical indigents have come up. That's one system, the private doctor in the private office.

Now, this doctor may or may not have hospital privileges. In California, most of the doctors do have hospital privileges, that is, they are on the staff of some hospital, and they can take their patients to a hospital. On the eastern seaboard, that isn't so. In Baltimore, at Johns Hopkins, fifty-five percent of the doctors in Baltimore can't take a patient to the hospital. They have no hospital staff privileges. It's





Lee: just about as bad, or worse, in New York and Boston. At Harvard and Tufts and Boston College, they have the same problem. About half the doctors there can't take their patients to the hospital. So if their patients get sick enough to require hospitalization, they have to have a consultant, who is a member of the hospital staff. Of course that makes it more expensive, because the patient not only has to pay the doctor of first contact for his medical care, but the consultant's therapy as well. That is the way it is done.

### Group Practice

Now, in addition to this private practice, there has been a phenomenon in America of which I've been one of the evangelists, and that's group practice. Sometimes these doctors are all of one specialty, sometimes there are multiple specialty groups in which they try to cover all the specialties. The idea is that they can bring all the benefits of modern medicine to every patient who comes in. Medicine has gotten so complicated, and so intricate, that no one doctor can be a dermatologist and a neurologist and take out a prostate and deliver babies, and do all those things, particularly now when we have these isotopes in medicine, and fancy things that I have never heard of. You have to get acquainted with that.

Group practice will take care of all these, because you can have one person in every specialty. Now, group practice has many advantages. I won't go into them all. I've said this piece so many times I'm tired of it myself, but actually, a group practice clinic is about (even under modern conditions) a third more efficient than the best private doctor, and if it's done with proper organization, with proper utilization of paramedical personnel, a doctors' group practice, can see two or three times as many patients as a doctor in private practice, and that saves a lot of money. This is done by various devices that save the doctor's time. I'll just cite one or two of them.

For instance, dietetics. The ordinary internist has a patient with a gastric ulcer, and he will sit down and spend thirty to forty minutes explaining what the diet for gastric ulcer is. In our clinic we don't



Lee: bother with that at all. We send them up to the dietitian, and she takes this person and she explains the gastric ulcer diet better than I can, saving a lot of time, and I'll see three other patients while she's talking gastric ulcer. Much less expensive, because we don't pay dietitians nearly as well as we do doctors. Perhaps we should, but the facts of life are we don't, and that saves the patient, of course, a lot of money too.

Another example is a physiotherapist. Physiotherapy is a tremendous help for very many patients. No private physician can afford to have his own private physiotherapist. We have about eight of them. And we send a lot of our patients, all the posttraumatic cases, the arthritis, people like that, to physiotherapy and they get well quicker and get well better, and that also saves them a lot of money instead of sending them down the street to a private physiotherapist.

So group practice in the first place, I think, improves the quality of medical care in that every patient has access to a specialist who can treat his particular ailment, and the second it's economical because you can see a lot more patients in the same time under group practice conditions. Group practice is not growing as fast as it should. About twenty percent of doctors in the country are in group practice now. More, if you include some other things I'll tell you about in a minute.

I've talked to classes in medical schools recently, and I find that about eighty percent of the young graduates want to go into group practice, because actually that's the way they're trained. Medical school training is a group practice type of training. They're really not trained for individual practice any more, and they feel lost when they have to go into it. But facilities don't exist.

And the other thing is financial. Because of this law of supply and demand, the private doctor is doing very well indeed, and the incomes of private physicians average something over \$30,000 a year, and if a general practitioner is willing to work very hard, work Saturdays and Sundays and holidays, and go out at night, he can make \$85,000. I know one in Modesto. He's a general practitioner. I've known one surgeon who has an income of \$400,000 a year in Chicago. Well, that's silly, of course, to earn that much because most of it





Lee: goes into income tax.

That's another advantage of the group practice. You can take the high-earning surgeons and pick their pockets and give it to the hard-working pediatricians, who work the hardest of anyone in the group and get the least money. We do that quite shamelessly. The surgeons are perfectly willing to do it, because they know they get this big practice because we all of us are shills for the surgeons. That's the only thing you can do in group practice, equalize the inequities that presently exist in the private practice of medicine.

Well, one of the difficulties of getting doctors to go into group practice is that they are doing all right as they are, and they can work five days a week, and try to get them on Saturday or Sunday and it's too bad, because they don't have to. They leave word that if their patients have emergencies simply go to the emergency room at the hospital and they'll take care of them. And they make enough money that way.

As it is, however, in the properly operated group practice, we pay our doctors across the board a little more than they make in private practice. In addition to that, they have a sabbatical every six years, they have a month vacation once a year, they get paid when they go to medical meetings and read papers and they have a very good retirement system. The ordinary private doctor, privately practicing, has a very difficult time providing himself with a proper retirement plan, and he often finds himself at sixty-five or seventy ready to quit but he can't do it because he hasn't saved up enough, or he invested all his savings in gold mines and it didn't pan out. So at the present time that is one of the impediments to the growth of group practice.

Another thing is that under group practice conditions, a doctor has to be subjected to a very strict discipline. He has to do his work, he has to be there at a certain hour. He has to support his fellow practitioners in the clinic, in the wards... teamwork as compared to an individual thing, and a lot of doctors don't like this teamwork. They like to be strictly independent. Doctors are notoriously free enterprisers and independent, so that impedes group practice, but it's still growing steadily. Right now, the last two years, there's been quite an acceleration of it.





Lee:

Group practice, by the way, is a completely American invention. It doesn't exist anywhere else in the world. I've been in every country in the world except South Africa, and you don't have group practice in that sense anywhere but in America. They're getting it in other countries now, but it's been an American invention. The other American invention was a combination of group practice with prepayment plans. And this is quite old. Actually, it is one of California's contributions to medical theory because some of the oldest and most successful were started here.

### Prepayment Plans

The Southern Pacific Hospital was not quite that, but it was sort of a mutual improvement society. It's over a hundred years old. All employees of the Southern Pacific were entitled to free medical care. The company paid for it. They didn't charge the people anything. They had a big hospital in San Francisco, the Southern Pacific Hospital, now called the Harkness, and they had a paid staff of doctors who were on salaries. But they constituted a group practice unit because they had all the specialties hired to staff the hospital. Later, now, they have the Southern Pacific Hospital Association, and the employees bargain for their medical services. They have a kind of a mutual cooperative health purchasing plan. But they buy it from the Harkness people, who are essentially a group practice unit. That's a hundred years old.

Then two doctors in Los Angeles put together the Ross-Loos Clinic. Eight of them owned it and they hired about forty others. They started in the days of the depression, in the thirties, and doctors were as hungry as everybody else and they had no trouble getting doctors to work for salary. They took care of most of the municipal employees of Los Angeles, the streetcar motormen, the firemen, policemen and school teachers on a prepaid basis, and they were very successful. Both Ross and Loos died many times over a millionaire. This was run on a strictly profit-making commercial venture. They hired their doctors for salaries. They'd work for Ross-Loos a few years and then go have their own private practice. Very few of them stayed. And a few of them would be recruited into the firm. Ross-Loos came into tremendous animosity from the medical



Lee: societies. They weren't permitted membership in the medical societies, but they still survived and they're surviving to this day. Now, they have much more of a democratic system of management in that the doctors work for a share of the profits...they all have a part of the "action," I think that's the work you kids say nowadays.

The Palo Alto Clinic was started in the twenties, and we've always had about, oh, from one-fifth to a third of our work on a prepaid basis, but we've been mostly a fee-for-service clinic. We were one of the first big clinics to be put together simply to supply community needs. Every time there seemed to be a need for a new kind of doctor, we'd get him in there, and that's why the clinic grew, but it wasn't characterized by its prepayment plans particularly though we did do some of the pioneering in that.

Then Kaiser came along, and had his shipyards in Marin County and in Oakland, and there were no doctors. The doctors had gone to war, very sensibly, and Kaiser found that if he could guarantee medical services to his employees, he'd have a much more contented group of employees, so with hired doctors he put on the Kaiser Medical Service. Employees of Kaiser got free medical care. He couldn't get his patients into existing hospitals, so he has his own hospital, the Kaiser hospital, in Oakland. And then when the war was over, the people that had been working for Kaiser and had his plan were so anxious to continue this that it was opened up to all kinds of people, mostly labor unions who joined it in the beginning. Then the doctors got independent from Kaiser in the sense that they were no longer employees.

As a matter of fact, after the war they came down to see me and they borrowed the partnership agreement on which the Palo Alto Clinic operated and they used that as the basis for the first Kaiser partnership. So those doctors have group practice partnerships very much like the Palo Alto Clinic. They are tied into the whole Kaiser Permanente firm. But the basis of that is that you get group practice combined with prepayment. Everybody that goes to Kaiser, practically speaking, (they have some fee service, but very little) holds one of the Kaiser contracts that give them prepaid care. The Kaiser plan you'll have much more accurately described to you I'm sure, in this course. It involves





Lee: deductibles and co-insurance. That is, a certain amount of their service you have to pay for yourself, I'm speaking as a patient now, and then you pay a percentage of the cost. They'll give you eighty percent of your coverage and twenty percent you pay. At first they were comprehensive. They gave everything. There was none of this co-insurance, but they found that they couldn't quite make it that way. But it's grown. Kaiser has two million people in its plan, and if they could get enough good doctors and other paramedical personnel, they could increase to three million tomorrow, by signing up a lot of people.

That's become a new pattern, a group practice, owning their own hospitals, with hospital insurance and insurance for medical care all combined in one package. Dr. George Baer in New York, right after the war, tried to copy this. They started the Health Insurance Plan of Greater New York, and took a great many customers from the municipal employees of New York City. He put together some thirty or forty medical groups. He had contracts for prepaid medical care mostly from city employees and now from many others, particularly labor unions. His groups, however, were never full-time groups. They were groups all right, and had a nucleus of full-time people, but for most of the specialists they had an office of their own, private offices where they practiced, and they came to the group for the specialized work. That's been a headache with H.I.P. ever since. Now they're gradually trying to get full-time group members. I've been back with them many times as a matter of fact, and I urged them from the beginning not to have part-time doctors but they do. But they're getting rid of that now. It's quite comparable to the type of work that Kaiser has done. And the quality of the care in the H.I.P. is very good indeed. Perhaps not quite as good as the very best quality of medical care you get, under best conditions, but very much better than these people were ever getting before.

Another thing that H.I.P. has done (Kaiser's doing it too but H.I.P. has done it better), has kept very good statistical records. They will tell you for instance how worthwhile it is to do X-rays of a woman's breast. It costs ten or fifteen dollars or twenty dollars. How many of them will you have to X-ray before you find a cancer? They have good figures of that kind. And this is one of the great contributions that they're making, because they have a big volume,



Lee: and their statistical material is very sound.

So that's another pattern of practice. You buy your insurance from a closed panel group and you get prepaid medical care, including hospitalization from the group and that's something different from insurance.

### Medical School Centers

The other great method of giving medical care is a curious outgrowth of the free clinics of the medical schools, and this is rapidly getting to be a big factor, and it's going to be more in the future. This is the medical center based on a medical school, where a medical school owns its hospital and they have a staff, a teaching staff, and they've always had in the past a free clinic. Now with Medicaid, these indigents are paid for and also they have the union dues and all the other things that Medicare pays for, but these big hospital centers are still practicing medicine on a big scale and charging for it.

Stanford, a few miles from Palo Alto, at my urging, has a big outside clinic. I and my colleagues at the Palo Alto Clinic said, "It's terrible having Stanford come down here, because they'll be our rivals." Well actually it's done us both a lot of good. The competition has improved the quality of care, and we still have more work than we can do.

They charge their patients to come to the medical school clinic. The charges are just about the same as they are at the Palo Alto Clinic. They don't get quite as much personalized attention in that they are apt to see a different doctor each time they come, whereas if they come to the Palo Alto Clinic, the same doctor takes care of them until they want to change. But, Stanford now does all its teaching on patients who pay, instead of the old free clinic style. When I went to medical school, we had the Lane Clinic up at Lane Hospital. Most people came for nothing. We used them for teaching purposes and they got their medical care in return for that, for nothing. Now we find that people are willing to pay, and also they're not at all averse to being used for students for teaching purposes. This is growing, and now Stanford has a practice in that area, not as big as the Palo Alto





Lee: Clinic, but almost. Up at the University of California now, they're extending their medical services to the community. They're running San Francisco General Hospital, which used to be a free city-county hospital and now people pay there. And they have services at Children's and quite a number of other places. My son Phil, who is the chancellor over there, tells me that they're going in to seeing that all the ghetto areas and the subcultural areas in San Francisco got medical care under the auspices of the medical school.

This is quite different from the old function of medical schools, to teach doctors. They're now very much in the business of providing medical services. UCLA in Los Angeles is doing this in a tremendous degree. They got in bad trouble with the medical society for a while, because they said that medical schools subsidized by states taxes were competing with the private doctor. Well, they survived that and I think that UCLA is doing a fine thing, and people are generally accepting it.

USC in Los Angeles runs the Los Angeles County Hospital. It is run by the USC faculty, and they do a tremendous amount of community medical care, done by a medical school. This is essentially group practice, as you see, but on a gigantic scale, because they'll maybe have as many as four hundred, five hundred, doctors on the staff of one of these great medical centers. New York University in New York does the same thing. So does Cornell. So does Columbia. They have these three great medical schools in New York City, each of which are practicing medicine on a community scale. This is a rather new phenomenon, started in the last fifteen years, but greatly accelerating now.

More and more patients now are identifying themselves, not with some doctor, but they're saying "I go to the Bellevue for my medical attention," or "I go to the University of California," or "I go to the Presbyterian." They choose an institution as their private doctor instead of some individual doctor. How far this pattern is going to go, I am not sure. Nowadays the private doctors do not object so strenuously because, as I said in the beginning, the demand for medical services far exceeds the supply. And these doctors are not seriously worried by the competition of the University of California, particularly, because the University of California is going out to





Lee: Hunter's Point, San Francisco Hospital, and Fillmore and other places, and giving people good medical service of high quality that they never had before. And the private doctors are not being badly hurt. But this is a tendency that's growing.

### Government Medical Service

Now the last category of delivering medical services is purely governmental medical service. We regard ourselves as not having socialized medicine in this country; of course we are very socialized. Half the beds in this country are devoted to the care of the mentally ill (there are a few high-priced private mental hospitals) but generally speaking all the great state hospitals are supported by the state or the county or the city. That's half the beds.

In addition to that we have the great series of county hospitals, which are rapidly being modified by Medicare. But seventy percent of all hospital beds in this country are now governmental beds. This includes the state hospitals, which is fifty percent; then we have the veterans' hospitals which take care of a great many people; and we have the Public Health Service hospital (used to be called the Marine hospital), and they take care of a number more, and then we have the out-and-out military hospital, the great military hospitals like Letterman and Walter Reed and Bethesda for the Navy, and they take a very considerable load because all of them now in addition to taking care of the soldiers take care of the soldiers' dependents. So this is another phenomenon.

So we have, in the delivery of medical services in this country now, reiterating what I said earlier, a real hodge-podge. We have the old-fashioned private doctor, who practices very much as he did a few hundred years ago, or a hundred years ago. We have the group practice. We have prepayment. We have group practice with prepayment. We have the institutional practice, such as the medical schools. And we have the governmental medicine, confined to the care of the insane, the veterans and their dependents, and the merchant mariners.

The oldest prepaid medical care dates from the



Lee: time of the Revolutionary War. Right after the war they found their seacoasts were always cluttered up with sailors who had scurvy and venereal disease and various other things. They were out on the beach with nobody to take care of them. So the government established the marine hospitals and these were for the care of merchant mariners. That was in the 1790's. They're still going now. We have an excellent one here in San Francisco. It is now called the Public Health Service hospital. It was called the marine hospital just a few years ago. They were for the care of merchant mariners.

### Public Dissatisfaction

But in spite of all this, there has never been a time when there is so much dissatisfaction with our whole medical care delivery system. People are complaining. They're complaining of the high cost. Health insurance began in California in the thirties when the California Medical Association, who were later urged by Earl Warren among others, started what is now known as CPS, the California Physicians' Service. That was the prototype of Blue Shield. There is a Blue Cross in California. There is no Blue Shield because the CPS does that. But from that the Blue Cross began in Michigan. However, it really began right here in California. And this medical insurance thing has grown and grown, you see. At first the companies that offered it went badly broke because they didn't know anything about controls or actuary. Now the health insurance business is a successful business and companies do very well. They do very well largely because they duck the bad problems. They don't care to take care of old people. They don't take care of poor people. They don't care for bad risks. They skim the cream off the top of the people who are less likely to need service.

And, of course, all these people are likely to own insurance. My millionaire patients all have health insurance. Unfortunately my poor patients frequently don't have it. They're the ones who really need it. But it's grown now to such an extent that of the private hospital bill, about seventy-five percent is now covered by insurance.





Lee:

The difficulty has been that you had to get in the hospital to get this insurance, and as a result many more people were put in the hospitals than needed to be there. This is called over utilization, which I think is about thirty-five percent at the present time. That means that the premiums had to go up, and the premiums of everybody had to go up because there were so many people who were in the hospital who actuarially really didn't need to be. But at any rate, we have as a method of payment, private health insurance.

The Blues are nonprofits as you know, and they're largely started and supported by the doctors. Then we have the private insurance companies, the great private insurance companies, Aetna, and Sun Life in Canada, Occidental here in California. They are in the health insurance business, the hospital insurance business. Mutual of Omaha is very active here, has an international campaign.

These various hospital insurance plans account for the payment of over seventy percent of the hospital bill. But still, bills are higher, as you've undoubtedly been told. The escalation of the medical bill in this country has gone up far faster than even the cost of living, and God knows, it's gone up fast enough. This is what we're faced with now. The premiums for any kind of health insurance are terribly high, and many of them have co-insurance and deductibles also. (I can't cite this, but when the Kaiser person talks to you, ask him if I'm right... I think their income, from their co-insurance and their deductibles is about as big as their income from their premiums. The last time I had access to their figures was about '50 or '51.) That is, you see, not really coverage, because the patient is still paying half the bill. The bills are high, the hospital rates have climbed. When we built the Palo Alto Hospital in 1929, our ward rate was five dollars a day, and now the ward rate is \$35 a day. The best rooms cost a hundred dollars a day, they're not completely unheard of. But insurance pays a very considerable part, and that's a very laudable thing. So this is what we're faced with now. We have this hodge podge and confusion of all these various systems, and there is no real community satisfaction with these arrangements.

I'm now going to talk very briefly about what the bright future should be, because I have a plan for how



Lee: these problems should be solved. I am presenting this as a paper in Winnipeg in April to the International Conference of Group Medical Practitioners.

### Health Centers for the Future

For want of a word, we call it "community health facility." These should exist both in cities and in towns, and each of these health facilities should take care of about 100,000 to 200,000 people. They should have a group practice at a hospital. The group should have their offices in the hospital. You should have one doctor for every thousand people. And the people should decide what services they want and the doctors should say what the cost will be. And then the people should try it, and then bargain with the doctors about the cost, the premiums for their medical services. They say, "Doc, can't you do it no cheaper?" The doc will say, "Maybe I can do it cheaper," and he'll get around to it after a while and you'll get down to maybe ten or twelve dollars a month. [Laughter] When you get that done, that's the way it'll be.

Now, this community health facility should be quite different from the hospital we speak of now. It should have, to be sure, an intensive care hospital where you can have coronary units and pulmonary units and all these things. In addition to that, they should have a "going in" hospital. This is essentially a diagnostic unit, where patients go and live under motel conditions, and it'll cost fifteen dollars a day rather than fifty-five or seventy-five, carry their own trays, don't have a thermometer pushed at them by a trained nurse every four hours. We pay the trained nurse \$600 a month for that now. That will take care of a third of the patients that are now sitting around in the \$100 a day rooms. On the other side of the hospital you should have a "going out" hospital. This is essentially a rehabilitation plant. As soon as the patient's been operated on, and is able to totter to the bathroom, you send him out there. He'll get well faster if he carries his own trays, goes to the cafeteria and cares for himself, and at much less expense.

So you'll have the "going in," the big central intensive care, the "coming out" hospital. Now in addition to that you need a number of other things to





Lee: give good community care. You need an institution for mental illness. And we should get away from the state hospitals which are veritable cesspools of humanity. They are terrible places nowadays. Three, four, five thousand people, more, inadequately staffed and now that Reagan has cut the budget, they're even less staffed than they were before. I had a patient, I went down to see him, and it had been two months since he'd seen a doctor. He entered, was seen for five minutes when he entered two months ago, but then he'd never seen a doctor. I complained and they told me the doctor's load. It was just impossible.

So, this community health facility should have a mental institution where most of the patients go home. Three fourths of the patients in mental hospitals could be cared for by their families at home and do better.

The only people confined should be people who are dangerous, homicidal, suicidal, noisy or nuisances. They should have facilities for keeping them. Now with modern drug therapy you get rid of most of these institutions and let the families meet with this problem of mental disease, and they do, and think it's good for the families and good for the patients. So we're out of this corner of mental health institutions.

On this corner, we'll have another institution for alcoholism. Alcohol in California is the fourth-most disease. It's worse in San Francisco than anywhere. It's the fourth cause of death in San Francisco: alcohol. Cirrhosis of the liver is very common there, and in terms of its social impact, alcohol is a terribly important disease. It's a disease. Sixty percent of the deaths in the Palo Alto Emergency Hospital a year before last (in the view of some, that's conservative) were caused by alcohol in either the driver or the victim. Fifty-one percent of the arrests in San Francisco are alcohol. Ten percent of the admissions to the state hospitals are alcohol. Fifty percent of the divorces in San Mateo County (it has the biggest rate in the country) are alcohol.

So, we neglect alcohol terribly. It should be made a medical problem. Take it out of the police and the courts right away. Nothing is more stupid than the drunk tank that the police have now. They pick a drunk up off the streets, throw him in the drunk tank, sober him up, cost to the city of maybe fifty to





Lee: a hundred dollars. Then they turn him out, and the next week, as soon as he can get hold of money for another couple of bottles of muscatel, he's in again. This is stupid. Alcohol's a disease, so our community facilities should have an alcohol unit.

Over on the other side, they ought to have a gerontological unit. As I say, whereas when I was born one person in twenty-five was over sixty-five, one person in eight is now over sixty-five. And they require a great deal more medical care than younger people. They need special kinds of care, so they should have a gerontological institute over here to take care of the old folks. That should have with it what we call nowadays an extended care facility, or a convalescent hospital. Most old people will have to spend the last few months or years even of their lives in a custodial setting, because they can't take care of themselves and they have to be cared for. Children no longer take care of grandpa. They send him off to the county. So you need an extended care facility.

This is paid for largely by the government. They pay a hundred days now, after they do the hospital, but you need the convalescent home type, the extended care facility of two types: one for sick old people and the other for old people who simply need some kind of care. The modern type of retirement residence is a very great invention. We built one in Palo Alto a few years ago. A woman gave me \$50,000 and we built Channing House, which now represents an eleven million dollar investment, but the only money that went into it was the first \$50,000. It's a nonprofit foundation. We owe four million out of the original cost, it'll be paid for in a few years.

Question: The gift was \$50,000 or 50 million?

Lee: Fifty thousand. Fifty thousand dollars donated and we have eleven million dollars value, conservatively. We've got ten and a half million in equities out of the nest egg we had.

At any rate Channing House has an infirmary. When a person goes in there, an old person, they get every bit of medical care they'll need. If they get senile, they're still taken care of. We have an infirmary that takes care of them when they get very ill. Most of them expect to die in that infirmary, and they do.



Lee: This kind of facility belongs in a community health facility, residential and extended care for sick old people.

Another thing is a special facility for the treatment of rheumatic disease. You don't realize, rheumatism and arthritis are the most costly diseases, in terms of economic losses. It costs us more to take care of the arthritics than even the mentally ill. We can do a lot for them now, but they need special facilities.

Then, possibly, special facilities for ophthalmological surgery. Each of these community health facilities wouldn't need that. There should be one in every big city, however. And for open heart surgery, and things of that sort, but those should be put into the big medical school centers.

Now, these community health facilities should be scattered around where they meet the need. In San Francisco, there should be one based on the Presbyterian, now they call it the Civic I guess. It used to be the Stanford Hospital. One based on the Children's Hospital, one on Franklin, over in that part of town, one out in the Mission at St. Luke's, one at St. Mary's, one at St. Francis'. Each of these taking care of about 150,000 people in San Francisco, under city conditions. But six of them in San Francisco would take care of all the medical needs of San Francisco. San Francisco has about 760,000 people.

Then, of course, there needs to be one in Daly City and one in South San Francisco. San Mateo could take two. Palo Alto could take two. We have 250,000 people there. It would be better to have two so people could have a choice. [Laughter] People are a lot happier if they know they have a choice, even when they make bad choices. [Laughter]

This is suitable for country districts. I'm working now on a system like this for Mendocino County, where I own a lot of land. Dr. Lowery, who came from OEO, is starting a clinic up there. We hope to have a big center of this kind between Ukiah and Willits. And it'll supply, we hope, the medical care for an entire rural county, using helicopters. We think we can work a deal out with the Forest Service who keep their own helicopters to fight fire, to borrow their helicopters so we can go to Fort Bragg, Laytonville,





Lee: wherever, and bring the patients into the center. Nowhere by helicopters is more than fifty minutes from the center. This is the way rural practice, in my opinion, should be.

Understand, good people, I'm telling you...not what exists, but what I think should exist. These community health facilities can exist, and should exist, side by side with rival private doctors in private practice, private hospitals. People who want to pay the big rates can go there. Facilities of this kind can get at least three times the use out of the doctors that we get now. It will supply medical care of superb quality, because you can have a balanced group of doctors who live right in the facility. The cost can be determined by what it actually costs.

Now, if the people want it to cost less, you say, "Look. We'll put four in a room instead of two, or instead of one. We will leave out a lot of fancy frills and you can have your two dollars a month. Or you can pay two dollars a month more, and you can have it more fancy." Let the consumer decide, but they should have a say in computing the costs.

### Discourage Overutilization

The beauty of this sytem I'm outlining to you is that overutilization will be discouraged. Our present hospital insurance system has built-in incentives for cheating. Just like the doctors cheated like hell on Medicaid since it went in in California. Reagan said fifty million a year. I don't know whether that's right or not, but I know there was a hell of a lot of it. In this system there is no incentive for cheating.

For one facility, say you have 200,000 people and they each pay ten dollars a month, that's two million dollars a month to the doctors. The doctors will take the two million. Let them decide how they will divide the spoils. They'll give the surgeon so much, and the pediatrician so much and so on and I would hope they'd come to something like equality based on seniority, which is the tendency in many of these clinics nowadays.

That gets over the scramble to increase your earnings by overutilization. Nowadays, when they pay



Lee: \$3.50 for every physiotherapy treatment, a sprained wrist is apt to qualify for thirty physiotherapy treatments, maybe a hundred dollars. All a sprained wrist needs is to say, "Hold in a hot tap every night when you go home." You'd do just as well probably. [Laughter]

This is the picture I'm trying to give you in very brief terms.

### Health Information

I notice two or three people here who are in health information. This is perhaps as important an element in having good health care as having a doctor. An individual who knows what good health care is is unlikely to die. Take a mother who knows good health care. She knows she shouldn't give her children a lot of milk, in spite of the fact that the legislature just, over my violent protest, authorized raw milk back on the market again. She knows that her children should be immunized for diphtheria, measles and polio, tetanus, and then her kids are not going to die. This because she's well-informed. The reason so many children die in certain careas of our culture is not because they couldn't get care, but because they don't know to ask for it. They don't know where to go. And so health care education is important.

We should have a campaign to make California the best-informed state in the union, or in the world, in health matters because that's the foundation of good health care: good health information, so people know what they need, so they'll demand it and get it.

We're starting on these things in Palo Alto, we hope. We've got part of the money now for this community health facility we're talking about. We already have a big auditorium and every week we have sessions where we show films and doctors talk. For instance, all the diabetics in Santa Clara County, they go to school: "How to be a Diabetic and be Happy." And we have this class for expectant mothers, where they learn the joys and sorrows of maternity. We have a very successful class for fat people. They do very much better, when they compare their loss of wight with their neighbors' and get a competitive element into it, and they lost weight much better.





Lee:           Alcoholics, these groups of alcoholics who have public information groups work very well. It's an outgrowth of this so-called group therapy that the psychiatrists are talking so much about. That's a helpful thing. Well, all this belongs in health education: education of the public in matters of health. That's a very important element in health care.

### Preventive Medicine

The other thing is preventive medicine. This is largely public health services' province: test the water of San Francisco and Berkeley every day to be sure there's no typhoid or dysentery in the water. And they try to do somewhat of a job on identification of carriers of venereal disease. They're doing that very badly right now. But all these things are public health activities, largely in the hands of the state, or the county or the city, or the health officer. Curiously, this is worth more than all the doctors. The dollars spent on preventive medicine, if we look back over the last fifty years, have brought more dividends to mankind than the dollars we spend having your appendix out, when you really don't need it. Public information and public health or preventive medicine, are two elements in health care that are very important.

The other thing, of course, are facilities. This scheme that I'm talking about will provide this. We have to have hospitals and nursing homes, and cobalt bombs and isotopes. All these things are very expensive now.

Now the medical school institutions I think should act, in the long run, as consultants to these other groups. They should be available for the problem cases. For instance, nobody likes to treat leukemia, because we can't do much good. There's always somebody in a medical school that's doing a research project on leukemia. It's a very fascinating subject. It looks like we're about at a breakthrough in leukemia. So let's send all the leukemias over to Phil at the University of California and let's send all the heart surgery down to Shumway at Stanford, because he does better heart surgery than anybody in the world. And





Lee: that kind of division is where these big institutions are useful for these highly specialized things. It's no use having a heart surgeon at every crossroad, he'll have your heart out at a moment's notice. [Laughter] That should be confined to these few big centers.

Well, what I'm saying is that we need an orderly revision and that's where people who are in the field that all of you are in, the public health field in one sense or another, can be of great help. We have wonderful people, who are capable of giving better care than ever in the history of mankind, but the gap between what we know and what we do is wider than it ever was, and it's time now to take the American genius for organization, which has always been high, and apply it to this health field and bring some sense out of it. Then we can actually have a real utopia as far as health is concerned.

I've talked too long, Dr. Charles, and I suppose you want me to submit myself to interrogation and argument. [Laughter]

### Student Questions

Question: It seems to me that many people agree with you on this construction of the consumer-controlled incorporation of prepayment contracts with the doctor and hospital facility. This is very similar to the more crude version that was proposed by the committee on the cost of medical care back in '32, but it hasn't happened, except in very rare places, such as things like group health cooperatives to some extent there and other such places. Even if we all say, "Sure, let's go ahead and accept your plan," how does this get implemented? It seems there is something needed there, money from Washington or what?

Lee: We need money from either HEW or from some of the big foundations to get one of these started. I'm now in negotiation with Finch and Egeberg and I'm going back there next month to present this whole plan, and say that they should build about five of these prototypes in various parts of the country. If they are successful, the rest of them will crop up. We're also trying to get the Commonwealth Fund to put up about a million



Lee: dollars a year to set up a health service foundation that will coordinate all these centers in one state so that they can switch patients around. So that if a patient moves from Palo Alto to San Francisco, then they're still covered everywhere they move. We're trying to get Commonwealth to finance that kind of a project. This has to be done too.

Right now it needs either a big piece of philanthropy to get a few of them started, or some government money. I'm trying everywhere. We'd be well advised to build a few of these, because the health bill would go down, and then the centers would be under complete, strict control.

Question: How do you arrive at the ratio of one center for 150,000 or 100,000?

Lee: Well, this is just very off-the-cuff. 200,000 is big enough because of this reason. We need about 400 beds per hundred thousand and that would be 800 beds. 800 beds is as big as any hospital should be. When a hospital gets bigger than 800 beds, it bogs down. Actually, I think that a hospital gets better when it stays at about 750 beds. So that makes a convenient figure. Also, when you have 200,000 a few hundred doctors could take care of them. You can manage two hundred doctors. But when you get above that you get into trouble.

We've got 150 in the clinic now. We have some headaches that we didn't have when we only had ten. But up to two hundred, organization problems are capable of solution. So, it's very much off-the-cuff now. Some of them will be much bigger. Some of them for certain areas for certain localities, you'll have a 1500 bed hospital, and you'll have maybe 500,000 people belong. Others like in Mendocino County in Willits...there are only 80,000 people in the whole county. Only half of them will belong, so you'll have a 150 bed hospital and around forty doctors or fifty doctors to work for the whole county. So this is subject to review, and elasticity should be the goal.

Question: What provision do you have for the members of the community unable to pay the ten or twelve dollars?

Lee: This will be done as it is done now, but it will be done in a much more dignified, self-respecting way.





Lee: You will do a social service survey. If a family demonstrates that they can't pay the ten dollars a month per person to belong to it, that will be paid from tax funds, from the state, county or city. They'll get a card, just like everybody else's card. When they come to the center, nobody will know whether they paid for it themselves or they were paid for by the social service. This will involve a social service survey like they do for Medicaid now. But you'll also note, from the point of view of the state, it can save them an awful lot of money in the long run, to see that all these people get good medical care, because they won't have them on their hands later on as handicapped people.

This is now accepted everywhere, that the provision of medical services to the whole population is part of the government obligation. No government in the world now is ever going to stay in office unless it sees that its people get good medical care. Russia, China have complete socialized medicine. England, right after the war, when Clement Atlee beat Churchill, they put in the British Health Service, which is a universal governmental health plan. Now, they've had Conservatives and Radicals and Labor Party in since that time, but they've never tried to abolish the British Health Service, because a government that doesn't provide health care for its people is going to fall. People demand it. The more intelligent they are, the more urgent their demands are. So when they can't pay, and pay voluntarily, they may get a half-rate. The state may pay half their fees. Consider veterans hospitals, if the government would pay each veteran's care in one of these facilities, we could close the veterans hospitals, which are terribly expensive.

Question: You implied that if the HEW financed some of these centers, they'd have some greater control over costs. Could you discuss that a little bit further? It's been my impression that government financing hasn't controlled costs in the consumer interests.

Lee: Well, you're quite right. The government has not been conspicuous for its economy in the hospitals it has had. The veterans' hospitals are completely run by the government. These centers would be run by the people whom they serve and who would profit by economies.



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Earl Warren Oral History Project

Byrl R. Salsman

SHEPHERDING HEALTH INSURANCE BILLS  
THROUGH THE CALIFORNIA LEGISLATURE

An Interview Conducted by  
Gabrielle Morris





Judge Byrl Salsman





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## INTERVIEW HISTORY

Byrl Salsman was interviewed by the Regional Oral History Office in order to document his role in Earl Warren's effort to achieve passage of state-administered health insurance legislation, and selected other experiences in his career as a California legislator and judge.

**Interviewer:** Gabrielle Morris, staff interviewer for the Regional Oral History Office, whose special area of research is the background and development of health care programs and legislation during the 1940s and '50s. Guidance on general questions from principal investigators of the Earl Warren Project.

**Conduct of the Interview:**

A single interview was held on March 9, 1970, in the office of the development firm Judge Salsman joined upon retirement in 1969, located in Northgate Industrial Park, surrounded then by green Marin County hills. Editing of the transcribed taped interview was done by the interviewer. Judge Salsman reviewed the edited text and made minor excisions and additional remarks.

**The Interview:**

Born in Kansas, Byrl Salsman spent his teenage years in the Arizona desert. He early decided to be a lawyer, working his way through both Stanford University and law school. Modest, lean and bright-eyed, Salsman has been a model of a successful, hard-working public servant: elected to the Palo Alto City Council two years after law school graduation, he convinced his colleagues he should be mayor two years later. Elected twice to the Assembly and twice to the senate, Governor Warren appointed Salsman to the Superior Court in 1949, and Governor Brown to the San Francisco Court of Appeals.

Salsman was an accomplished and objective legislator, loyal throughout to the Republican Party and its leadership. He talked briefly



of Warren's rulings as attorney general. Warren's "opinions would be based upon the Constitution and the laws ... I don't think you can say that Warren's opinions were ever colored by his political beliefs or by any opposition he may have had, if he did have any, to Culbert Olson." The opposition to Olson he noted as big business and the legislative Economy Bloc.

In reviewing health insurance legislation, Salsman mentioned Olson's bills as well as Warren's, commenting that Warren's might have passed if it had gotten to the floor of the assembly. "I always thought that the proponents of the public health insurance bills had all of the good arguments on their side, but the other side had all the votes." In 1945 he was aware that there were inequities in medical care, but also had reservations about the specific legislation. He described his efforts as chairman of the Senate Public Health Committee to do his best by the Governor's legislation, including taking the unprecedented step of calling for a vote of the whole senate to bring the health insurance bill out of committee for a floor vote. Clearly and succinctly he outlined the available health insurance of the day, and the nature and extent of objections to Warren's legislation--particularly the issues of physicians' fees and administrative costs.

He also discussed committee appointments and other aspects of legislative procedure with candor and objectivity. By 1950 he had joined an informal group which met with Governor Warren for lunch and shop talk, and reported increasing resistance to the Governor's leadership. These insights are particularly useful since Salsman himself was a member of the powerful Rules Committee from 1947 on.

Salsman summarized Warren as "the best governor I had ever seen... He would have made a magnificent President.



"Certainly the Supreme Court during Warren's incumbency changed the course of our social life in this country," Judge Salsman commented, noting the difficulties imposed by Warren Court decisions. "I had to apply these rules. I was made very unhappy by it to tell you the truth, but I had to apply them and, who knows, maybe I'm wrong in my feelings."

Gabrielle Morris, Interviewer  
Regional Oral History Office

9 April 1971  
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## EARLY INTEREST IN LAW

Morris: Our researchers say that you were born in Kansas.

Salsman: That's right.

Morris: Did you grow up there?

Salsman: Yes, I grew up in Kansas to the age of twelve. Then I came to the Arizona desert where my mother and father resided for some years; and then after I graduated from Needles High School on the Colorado River, I came to Stanford in 1924.

Morris: Did you come here with the idea of going into the law?

Salsman: Yes, I did, very definitely. I can say that when I left high school I had decided that if possible I would become a lawyer.

Morris: Had you already then gotten these ideas that you...

Salsman: No. No. At that time I didn't have any settled ideas. I just wanted to come to the University for an education and after that to go into law school and become a lawyer.

Morris: Were you involved in politics at Stanford...

Salsman: No, I wasn't. I had to work for money at Stanford. I borrowed all of my tuition and paid it back after I graduated. All of my time at Stanford was devoted to working for money mainly, to pay my way through the University and I didn't participate in politics even in the University. I just didn't have the time.

Morris: It's interesting in talking with various people who were all colleagues and classmates of Warren's, how



Morris: many people did work their way through college.

Salsman: Yes, I am sure Warren did.

Morris: Well, at least partly.

Salsman: Yes.

Morris: And then you stayed in Palo Alto and you were elected to the city council.

Salsman: Yes.

#### PALO ALTO COUNCILMAN

Morris: Fairly soon after you graduated...

Salsman: Well, after I graduated from the University and passed the bar, I opened a law office in Palo Alto. And I guess I practiced law for two or three years before I decided to enter politics and use up some of my spare time, which I then had of course, because clients weren't breaking their necks to get to my office.

I used to go to the council meetings. There would be only seven or eight of us there to listen to the proceedings. And quite often one of them would be Dr. Russel Lee. Even then he was always interested in civic affairs. Then, of course, later on, he was consultant to our interim study when I was chairman of the Senate Health Committee.

So, I did run for the city council. The first time I ran for the city council in Palo Alto I was defeated.

Morris: Oh, dear...

Salsman: But, they have an election every two years. I ran the second time and I won. And then, I campaigned within the council itself to become mayor. We had a fifteen man council at that time and the council elected me mayor for the last two years that I served on the council, so I was mayor of Palo Alto for two years.





Salsman: And in the last part of that time, the last year of my membership on the Palo Alto city council, I ran for the Assembly. My district at that time comprised the northern part of Santa Clara County, but it also took about one half, the northern half, of the city of San Jose. And that of course was the year when Culbert Olson was running against Frank Merriam for governor of California; and of course Olson won in 1938; he defeated Frank Merriam and many Republican candidates went down the drain, but very fortunately I squeaked through and entered the Assembly in 1939.

#### TERMS IN ASSEMBLY

Morris: What were the issues at that point?

Salsman: Well, you mean in the gubernatorial campaign?

Morris: No, from where you sat, going from...

Salsman: ...from the Assembly...

Morris: From the mayor, from the Palo Alto mayorship, were you running because the city of Palo Alto wanted you to represent them?

Salsman: No, the issues were not that clearly defined at all. I wanted a broader field to operate in and I THOUGHT the Assembly was the next rung on the political ladder. Of course, you must remember, that was just at the time when the depression was still weighing very, very heavily upon society. And we were just beginning to emerge, well, we weren't really beginning to emerge, from the depression at that time, although there were some suggestions that we might do it because Europe was re-arming, and we were feeling the push of that activity in Europe. Hitler was marching all over Europe, and Mussolini was trying to get into the act. The United States was concerned and there was some drive towards rearming the United States at that time, some effort on the part of European nations to buy arms in the United States, you know, so we were beginning to come out of the depression in a very slight way, but only in a very slight way. Unemployment was still tremendous and welfare costs



Salsman: were exceedingly high. Wages were low. Profits were low. It was a bad time, economically, in the country.

Morris: This was also when Warren ran for Attorney General. Did you and he encounter each other campaigning?

Salsman: No, we did not. We did not because he was running for a non-partisan office, Attorney General, and I was running for a partisan office, so I was pretty much linked with the Republican groups in that campaign, and the issues insofar as they touched the Assembly campaign were pretty much the stock, standard Republican issues, whereas Olson carried the Democratic flag. Roosevelt was of course at the height of his power and influence at that time, and Olson made everything that he could out of that and he did very well with it. He got elected. He was the first Democratic governor in what, about forty years or more.

### Welfare Costs

Morris: That was about it. And what did you see might be your areas of interest in the Assembly, were you already thinking...

Salsman: Well, I didn't have any well settled ideas about what I was going to do in the Assembly. I thought that my legal education might be helpful in some ways to the Assembly. And I wasn't quite in accord with some of the things that were going on socially at that time. The idea that people could be paid for not working and all that sort of thing. There was of course at that time a cry against too much relief. And I thought at that time that that cry had some merit, because an awful lot of the welfare costs of those days were borne by the local common property taxpayer. And it made it exceedingly difficult for some people.

Morris: This was one of the issues that Olson and Warren argued about?

Salsman: On welfare?

Morris: ...who should control welfare.



Salsman: That's right. We had, I guess we had just begun, the State Relief Administration at that time and immense relief and welfare costs were foisted upon the state first and upon the local governments, the counties, second.<sup>1</sup> And this was an issue all through Olson's incumbency.

### Warren as Attorney General

Morris: And what was Warren's position?

Salsman: Well, I don't recall exactly what his position was on welfare. I think he wanted to create jobs more than anything. I think he wanted the state to be prosperous so that everyone could work and be self-supporting and have the dignity of a paycheck rather than the indignity of a welfare check.

Morris: Do you remember what might have been the source of disagreement between Olson and Warren because, in researching, it seems that everything the Attorney General's office was appealed to for a decision on, he ruled against things that Olson was attempting to do.

Salsman: Oh, I don't think he did that on any political basis at all. He did that simply on the basis of a lawyer's interpretation of what was required by either the Constitution of the State of California or by the statutes. I don't think Warren's opinions as Attorney General were in any way colored by his political beliefs. I think they were straight legal opinions.

Morris: In other words Olson maybe was not as sound on...

Salsman: Well, obviously if Olson wanted to take public monies and give them away, the Attorney General would have to say you can't do it because the Constitution has a provision in it which does not permit the giving away of public money. That's a simple example but I think from it you can say that, in general, that's the kind of opinion that Warren, as lawyer for the whole state and for all the people, would give. His opinion would be based upon the Constitution and the laws and the court's interpretation of the Constitution and the laws. And I don't think you can say that Warren's opinions were ever colored by his





Salsman: political beliefs or by any opposition he may have had, if he did have any, to Culbert Olson, if he had any at that time. And they certainly weren't colored by the thought that maybe he would be the next governor of California. I don't think that's true at all. I think his opinions as an Attorney General were the opinions of a good lawyer looking at the law. And I don't believe that any of his opinions were ever colored by anything except his own lawyer's judgement as to what was right and legal.

### Economy Bloc vs. Governor Olson

Morris: The voters seem to have decided with him and were quite happy to put him into the governor's office.

Salsman: Well, you see, during Governor Warren's incumbency as Attorney General, Olson, of course, was governor during that four years, and there was a tremendous opposition to Governor Olson. The opposition came from big business primarily. It came from the press. Of course, it came from some of the professions, like the doctors. And that opposition manifested itself in a running fight between a large number of legislators and the governor. And of course, the legislators were egged on and supported by big business, the professions like the doctors, and the people who were opposed to Olson. Those were the days of the so-called "Economy Bloc" in the Assembly and it was the Economy Bloc that stopped almost all of Olson's legislative proposals.<sup>2</sup> The Economy Bloc consisted mainly of Republicans, almost all Republicans belonged to it, I belonged to it, and a few Democrats.

Morris: This is economy in the sense of less state spending?

Salsman: Less state spending. Now, that Economy Bloc became so strong and so dominant that in the special session of 1940, I believe it was, whether it was the special session of 1940 or whether it was the reconvening of the legislature of 1940 I don't remember, but I believe it was in that year that Gordon Garland was elected speaker of the Assembly and ousted Paul Peek who was the Governor's man and, of course, Gordon Garland was a Democrat and a member of the Economy Bloc, and he did that in a very dramatic way when about ten Democrats voted for Garland rather than for



Salsman: Peek and the ten Democrats joined by the Republicans were enough to oust Paul Peek.

Morris: As speaker...

Salsman: And Governor Olson then immediately, not immediately but soon, appointed Paul Peek Secretary of State, and then before he left office, Governor Olson appointed Paul Peek to the Court of Appeal in the Third District, Sacramento, and ultimately Governor Brown appointed Paul Peek to the Supreme Court.

#### HEALTH INSURANCE PROPOSALS

Morris: That's interesting. According to our notes there was health insurance proposed in 1939?

Salsman: Yes, Governor Olson proposed health insurance when he became governor, and there were hearings before the committees on public health and I can remember some British doctors were imported over here to relate the British experience. The experience of the medical profession in Great Britain under public health insurance. And of course all were strongly opposed to it, and my recollection is that none of Olson's bills ever got out of committee. I think they were all bottled up in committee as Warren's were later.

Morris: Warren got a tremendous amount of publicity in 1945.

Salsman: Yes. I have a clipping about a special news conference when Governor Warren said that he expected Californians would begin to get the benefits of his proposed health insurance by 1947. This was in January 1945, just as the bill was being readied for introduction. I came across another one the other day which also referred to the introduction of this health insurance program.

Morris: Let's see. In 1943 Senator Swan had introduced a bill to include health insurance with unemployment insurance.<sup>3</sup>

Salsman: Yes.

Morris: Was this a labor...

Salsman: It probably was somewhat similar to the plans proposed





Salsman: by Olson, but again it is sufficient to say that it was never heard again after its introduction because they were all smothered in committee. Swan's bill, I am sure was smothered in committee and probably had a very perfunctory hearing. There was a great deal of fireworks in connection with Olson's bills, and there was a great deal of fireworks in connection with Warren's, but they all suffered the same fate.

### Smothered in Committee

Morris: It's interesting that the fireworks occurred even though it sounds like there was never much intention on the legislature's part of passing them.

Salsman: Well, you can't say that there were never any intention on the part of the legislature to pass the bills, because it's always been my view that, especially in the Assembly, if any of those bills had come down to the floor of the Assembly, or to the floor of the Senate for that matter, they might have passed, although it would have been much more difficult in the Senate. One of those bills, particularly one of Warren's bills, had a fair chance of passing the Assembly. I wouldn't say that it had a good chance of passing the Senate, because I don't think it did, but obviously with medical influence being so strong with the public health committees in both houses they, that is when I say 'they' I mean the medical profession, were able with the assistance of their business allies, the insurance companies and big business, they were able to stifle those bills in committee. All that was required was that they prevent the bills from getting a majority vote in committee. They were able to do this.

Morris: Regardless of how many people appeared at the hearing and spoke for it.

Salsman: Yes, the end result of all of the argument is what happens when you count the votes. The end result is if more votes are against the bill than are in favor of it, or if there isn't a majority in favor of it, then that's the end of it. The entire Assembly could have been in favor of health insurance bills in 1943, 1945.



Morris: 1947...

Salsman: Or any other time, and yet if the majority of the Public Health Committee would not vote for a bill to bring it out for debate on the Assembly floor, the issue was dead.

Morris: Well, this is interesting in view of the fact that so many times committees hold hearings, and endless quantities of people, either individuals or representing organizations come and speak before a committee hearing. And reading over the reports of these it usually sounds like there is a fair representation of all points of views and quite often most of the people speaking will be on one side or another. If they're, say, for a bill that the committee is against there's no possibility that the committee will change its view on the basis of the hearing?

Salsman: Well, if the committee is opposed to it, it's opposed to it, unless someone's mind is changed by the arguments. You know, there's a very cynical statement or comment that was often made at Sacramento, "you have all the arguments, but we have the votes." And you can apply that to the public health insurance argument. I applied it to my own judgement in public health insurance bills. I always thought that the proponents of the public health insurance bills had all of the arguments, the good arguments, on their side, but the other side had all the votes. So the bills got nowhere.

Morris: So the bills got nowhere.

#### Attempts to Overrule Committee

Salsman: Now let me make a comment here. It...perhaps it's an unnecessary technical comment, but I want to say that if you had a majority of the Assembly that was in favor of the public health bill, and the committee would not release the bill, there was a method whereby the Assembly could have its will prevail. They can make a motion, someone, some Assemblyman could make a motion on the floor of the Assembly, to withdraw the bill from the committee. They could then vote upon that motion to withdraw. Now if the motion carried,



Salsman: the bill would be withdrawn from the committee and would be brought right down on the floor of the Assembly for debate.

Morris: At that time?

Salsman: At that time. It would be brought down and take its regular place on the calendar or set for special order. Now I don't know if that was ever done in the Assembly or not. I...

Morris: Wollenberg tried it...

Salsman: Wollenberg tried it?

Morris: Yes.

Salsman: Well, he may have. But if he did, he was of course defeated.

Now, I tried that in the Senate, but there was a great difference between the Senate and the Assembly. The motion to withdraw was an acceptable motion in the Senate, I mean, in the Assembly, in other words you could make that motion. And it would be considered on its merits by the Assemblymen. And if they thought it shouldn't be withdrawn, they would vote to keep it in committee. Now, in the Senate on the other hand, that was not an acceptable motion. You could make the motion all right, but the Senate had an unspoken policy, an unwritten rule, that motions like that were not to be made, and if they were made they were not to be supported. The Senate privately had that understanding among themselves. The Senators did. This had obvious advantages to the Senators. It kept the heat off their back in some bad situation, you see.

Now I made that motion, notwithstanding that understanding and general feeling in the Senate. I made that motion and it was overwhelmingly defeated.

Morris: You knew about this unspoken rule.

Salsman: Of course, I did.

Morris: Why did you choose to...

Salsman: Well, I wouldn't have been satisfied if I hadn't done everything that I could to get the bill down on the floor of the Senate for a full hearing on its merits.





Salsman: I wouldn't have been satisfied that I would have done my duty by the bill. Even though I knew that the chances were a hundred to one that it would be defeated. And of course it was defeated. The motion was defeated.

Morris: Has that policy ever been...

Salsman: Changed?

Morris: Changed or...

Salsman: That I don't know.

Morris: Or has any issue come up that has...

Salsman: That I don't know, but I think if you would examine the Senate journal you would find that motions to withdraw controversial bills from committees, such motions are probably very rarely made in the Senate. Now I think they were made in my time in the Assembly as a matter of course. That was an acceptable motion.

Morris: I think they still are.

Salsman: Yes.

Morris: This is a great sort of eleventh hour device.

Salsman: Well, it's a sort of last ditch device, as it were. You can't get the bill out of committee because the committee won't vote it out. Therefore you try to present the issues to the legislative body, either the Assembly or the Senate. Now the Assembly considered those motions and acted upon them on what the Assemblymen considered their merits to be. In the Senate you have this unspoken rule to overcome.

Anyway, the health insurance bill never got out of committee in either house in the 1945 legislature, but each house did vote to have an interim study of health needs made.



## SENATE INTERIM STUDY

Morris: This would be the Interim Senate Study that Gordon Claycombe was in charge of?

Salsman: He was the staff director, yes. (Handles report) You know, I haven't seen this in 25 years. I haven't seen Claycombe since it was made.

I don't think we did a particularly good job on that report. It was just an interim study, but it did develop some useful information. As I recall, the recommendations didn't ask for complete health insurance, just for catastrophic coverage.

Morris: How did the rest of the committee react?

Salsman: I knew before we started it wouldn't have majority approval. Just Shelley and I were for it. Breed was a lost cause. He issued a separate report as I remember, and Sutton went along with it.<sup>4</sup>

Morris: But you did submit your report to the Senate anyway, early in 1947?

Salsman: Yes, and health insurance legislation was introduced again. But about that time I detected what I thought was the cooling off of labor support for the health insurance proposals. At first labor supported these proposals pretty much all-out as it were. Afterwards, I thought I detected a decline in labor support. And I thought that the reason was that they had concluded that they could obtain all of the benefits of Warren's bills as fringe benefits in their labor union contracts and impose the entire cost of the system on employers. And so I think that, if I'm correct, that labor support did cool.

Morris: It did cool.

Salsman: That was my conclusion, that that's the reason for it. They found a way of getting it without paying for it. And the employers simply didn't see that. At least not in the beginning.



## COMMITTEE APPOINTMENTS

Morris: Could we talk a bit about the Senate procedure both on the business of appointing committees, and how a bill is assigned to a committee.

Salsman: Yes, we can. When the President pro-tem in the Senate is elected...the President pro-tem is really the powerful officer in the Senate. The lieutenant governor of course presides over the deliberations in the Senate, but he has no vote except when he can cast a deciding vote, one that will break the tie and achieve the result. Otherwise, he has no vote, and he has really no power in the Senate except to state the issue and ask for the vote. The President pro-tem however is a member of the Senate and he is also ipso facto chairman of the Rules Committee and the Rules Committee is a very powerful committee in the Senate. Now when the President pro-tem is elected, one of his duties is to look at each bill as it is introduced, and to assign that bill to a committee to be heard by that committee. That's perhaps the most powerful function of the presiding officer.

Morris: I would think so.

Salsman: Theoretically, in doubtful cases or in cases where there's great public interest he may discuss the assignment of the bill with his Rules Committee. He may call them together and say now where does this, where shall we send this bill? Let's take a public health bill, shall we send it to the Public Health Committee or shall we send it to the Governmental Efficiency Committee? And the committee may advise him but ultimately he is the man who does the assigning. Perhaps it's said that the Rules Committee has assigned it to a particular place but the pro-tem's will is usually felt there.

Morris: How did it come about that the public health legislation ended up in Governmental Efficiency Committee, when there was a health committee?

Salsman: In 1947 and 1949 it was referred to the Governmental Efficiency Committee. Well, just probably because the pro-tem and the majority of the Rules Committee felt that's where it should go. I think I said before





Salsman: you turned the recorder on, that the lobbies interfere often in the election of members of the Senate and the Assembly and they interfere in a well-known way. They simply contribute money to the campaigns of people who are running for public office. There's nothing illegal about that. It's been done forever and no doubt is done today. If their friends or people to whom they've contributed money are elected, that doesn't mean that they control them, but it means that perhaps they can talk to them with a little more certainty of getting a hearing before them than if they had been on the other side of the fence, don't you see.

#### LOBBYISTS IN ACTION

Morris: Yes. This means that in some cases the lobby contributes to both sides of the campaign.

Salsman: Oh, they've often done that. As a matter of insurance. And of course in the election of a Speaker in the Assembly or the election of a pro-tem in the Senate, sometimes the lobbies can suggest to the people that they have helped, that it would be wise to vote for a particular man for a particular spot. I don't say this is done all of the time, but undoubtedly it is done and it was done in my time. Then of course, in turn they can suggest to the President pro-tem or the Speaker that they would like to have one or two members on this committee or that committee and in that way they have a favorable committee when bills they are interested in are presented.

Morris: Do the lobbies tend to line up on the same side?

Salsman: No, I think you'd have to say that each lobby looks at its own interests and is very careful as a general rule not to get into someone else's territory. For example in my time Art Samish was a powerful lobbyist but his interest was liquor mainly and you wouldn't find him involved in some other legislative battle, where, let's say the independent oil people were involved or, let's say the trucking interests were involved. It would be very unlikely that you'd find him in something like that, unless it happened to touch his liquor lobby. Because he wouldn't want to



Salsman: weaken his own position by trying to help someone else. I would say that generally the lobbies looked after themselves. There was no great combination of lobbyists. There would be a combination of business interests through the Chamber of Commerce or through the Farm Bureau or through the Associated Farmers or through insurance companies. You'd have combinations of that sort. But you wouldn't have one lobby going out of its way to court trouble by getting into somebody else's fight.

Morris: I was just thinking that it might have made life difficult for a legislator or a chairman of the Rules Committee with a number of lobbyists, all with their own special areas of interest, to keep the various obligations sorted out.

Salsman: That's right. This was often a difficult problem for members of the legislature because a member of the legislature could be friendly, let's say, with the so-called independent oil people, and if there was a controversy between the independent oil people, the so-called independents, whoever they were, and the major oil companies, he might find that if he had been helped by both groups, he would be on the spot as it were in connection with a vote on some bill respecting matters relating to petroleum.

#### WARREN AS GOVERNOR

Morris: Did Warren as governor have any say with the leaders of the Assembly and the Senate as to who he might like on the committee. Or how he might want things to go?

Salsman: Oh yes. I'm certain that he did. The governor, of course, has a problem of getting the budget passed, you know. And getting his programs organized through the budget, and I am sure that all governors make an earnest effort to be on good terms with the legislature, and in this respect I'm sure that the Speakers also, and the President pro-tem, wish to be on good terms generally with the chief executive officer. I'm sure that if the governor suggested to the Speaker of the Assembly that he would like to have a certain man represented on the Finance Committee, I'm sure the speaker would give it very





Salsman: serious consideration. I don't know that any governor has ever done that.

Morris: Did it operate with Warren?

Salsman: I don't know that Warren ever did that. I'm certain that if he had suggested to, I'm sure that he wouldn't do it himself, but he might make it known, as for example, he might make it know that Al Wollenberg would be a good chairman of the committee on finance. Now, Wollenberg was chairman of committee on finance, Committee on Ways and Means, in the Assembly. And he was a great friend of the Governor's. Now, I don't think the Speaker would object if someone from the governor's office said, "Well, the Governor would be pleased if Al Wollenberg was appointed chairman of the Committee on Ways and Means." I don't think Warren would ever march down to the Speaker and say, "Look, I'd like to have Wollenberg on Ways and Means." I'm sure he never would have done that.

But if he had said privately, "Well, I really think that Al Wollenberg would make a good chairman of Ways and Means," and if that intelligence were conveyed in some manner to the Speaker, I don't think the Speaker would object to something like that. He might honor it, or he might not honor it, depending in part upon his relations with the governor.

### Reasons for Health Insurance

Morris: There seem to be conflicting points of view on Warren and the health legislation, depending on which source, it was either that he himself was personally concerned about health services for the people because of personal experiences of his own, or the other point of view was he was doing it to show what a good fellow he was for political expediency.

Salsman: I give you my view on that. I think Governor Warren proposed his health insurance plans because he recognized as every thinking person would have to recognize, that people of low and middle income have an extremely difficult time in meeting hospital and





Salsman: doctor bills and I think that's why he proposed it, I don't think he proposed it as a matter of political expediency, I don't think he proposed it because of his own personal experiences. Even today, suppose a middle income person has no health insurance protection at all, no voluntary policy, no insurance policy, and no public protection, a middle income person today would have a very difficult time paying his medical bills and his hospital bills and his drug bills. If he had an illness that lasted for thirty days, or if he had some hospitalization that lasted for thirty days, he would have a very difficult time doing that. And you must remember that in 1945, I believe the major source of protection for someone who wanted health insurance was the private insurance company.

Morris: And very few of those.

Salsman: Well, there were lots of **them**, but their coverage was inadequate. And if you got sick more than once you might find your policy cancelled. And if you examine, as I did, the reports of the health insurance people to the California Insurance Commissioner, you will find that they took in two dollars for every dollar they paid out. And this is simply too much.

Morris: Private companies?

Salsman: Yes, all private companies. This was just about the ratio. Two to one.

Morris: That's a statistic I haven't come across.

Salsman: Well, take a look at some of the old reports and you'll find that up till about 1947 that was about it, they took in two dollars in premiums for every dollar they paid out in benefits. And then of course, the policies had all kinds of loopholes. Limitations on the amount that could be drawn and limitations on the amount they would pay for this or pay for that. They still have those limitations, though they're greatly improved over what they used to be and I think Governor Warren proposed health insurance because he recognized first that the average man has a terrible time paying those bills and secondly he felt, and I felt at that time too, that private insurance simply did not do the job. It just didn't cover the field. Now, Warren's proposal, of course,



- Salsman: was not all-encompassing. My recollection is that Warren's proposal really covered about the same field that unemployment insurance would cover.
- Morris: This was what the proposals were, to cover again the working population.
- Salsman: That's right. The wage earners and the middle income people.
- Morris: And this would have been, according to the statistics I read, about four and a half million people.
- Salsman: Well, it would have covered a large number.
- Morris: But that was still only about half of the population in the state.
- Salsman: That's right.
- Morris: This is why, again looking back on it, it is surprising that the furor against it seems so large.

#### ORGANIZED OPPOSITION TO HEALTH INSURANCE

- Salsman: No. It was the foot in the door, the camel's head under the tent. That's the way it was regarded by the medical people. And also by the insurance people. You see there were two vested interests here. First the doctors and secondly the insurance people. Now both had vested interests to protect. You have a third very large segment of opposition to this kind of thing and that is the business community and the business community simply doesn't want to bear the expense of it. First, they don't want to be called upon to pay any part of the tax and, secondly, they don't want all of the record keeping and all of the work involved to support this kind of a system. But the main vested interest, of course, is the doctors.



Fee Control a Major Issue

Morris: Now they seem to have done a very effective...

Salsman: They did a perfect job. You can't improve on it. And let me refine that, simplify it. This is its lowest common denominator. You know the real argument in this health insurance business, in spite of all of the things that the doctors say, the real argument is the control of the doctor's fee. That's the real guts of the thing. That's where the argument comes about. And in any public health insurance system, you must have control of the doctor's fee. That's all there is to it. Now, for example, I have here an article from the San Francisco Chronicle. It's just a couple of days ago, and Finch is talking about the possibility of a federal ceiling on doctor's fees.<sup>5</sup>

Morris: I noticed that.

Salsman: It just has to be done. It's the guts of the whole argument, really. And if you don't do that, then, of course, the medical profession can bankrupt any system. And of course, in Warren's bill you had a board of administration and that board of administration was not controlled by the doctors. They were represented on the board, but they didn't control it. And so, while it was not expressed in the bill, it was implicit in Warren's legislative proposals that some kind of control over medical fees and costs would be forced upon the medical profession by the board of administration that was set up in the bill.

There's nothing new in this. This is as old as history. In the workmen's compensation system which we have in this state and which works so beautifully, in workmen's compensation, the administration of that system controls medical fees. Now, many doctors hate the workman's compensation system. But it's a fair system. The doctors are reasonably well paid and the system supports itself. And this was exactly what would have happened if Warren's bill had been enacted.

Morris: Well, looking at the legislative history, it seems like it was sort of a logical next step...





Salsman: Yes.

Proposed State Administration

Morris: And the first proposals were to combine it with workmen's compensation?

Salsman: Yes. But even considered as an independent system, it would have been run by the board of administration that Warren had proposed, there is no reason why it wouldn't have been self-supporting from the funds collected. There would have been a tax upon employees and a tax upon employers. Probably the deficit, if there had been a deficit, would have been met from funds taken from the General Fund of the state, but the funds from the tax should have paid all the hospital and medical bills.

But the medical bills would have been controlled. If you had a doctor reducing a fracture of the arm there would have been a fixed fee for it, just like there is in the workmen's compensation system. If someone has to have their hip set from a break in the hip or have a nail put in their hip, there would have been a fixed fee for that. Or if someone had to have a tumor removed, there would have been a fixed fee for that surgical procedure. And that fee would have hopefully been a fair fee as the fees are fair under the workmen's compensation system. If not fair, then the obvious answer would have been to raise the fee of the doctor. But that's really where the opposition comes from.

Morris: Yes.

Salsman: That's where the opposition comes from.

Morris: You've got some notes there.

Salsman: I would like to mention to you, speaking of this, the guts of the thing, some of the arguments that were advanced against this health insurance bill, and to show, if I can, that really the main problem was the control of the doctor's fee. Let me say that I understand the doctor's objection to someone else fixing his fee. He's a professional man, and if he's



Salsman: an orthopedist, let's say, or if he's a thoracic surgeon, or if he's a neurosurgeon or something of that sort, he wants to fix his own fee, based upon his own skill, his own learning, his own time, the difficulty of the operation and all that sort of thing. He doesn't want some administrative board saying that for the reduction of a fracture of the hip he's entitled to two hundred dollars. He wants to fix his own fee. And I understand that. But we're talking now about something that's social, for the good of all, not for the good of one particular group...

Morris: Not one special group...

#### Opponents' Arguments Refuted

Salsman: That's right, and so while I understand it, I don't mean to say that I think the doctor's fees do not have to be controlled. I think they do in any system of this kind. Whether it's workmen's compensation or public health insurance. One of the arguments that the doctors used to advance against Warren's bill was that it was compulsory, that everybody had to join the system and you couldn't have a voluntary plan. That this was simply unAmerican because it was compulsory. But we've spoken about Dr. Lee's plan down at Stanford University, which is thoroughly compulsory upon all students and all students must belong. It is also thoroughly successful and thoroughly satisfactory.

Morris: And quite benevolent.

Salsman: And quite beneficial for all the students. And second, there is very little in our society that isn't compulsory. None of us would voluntarily pay our income taxes if we didn't have to, or we wouldn't pay our taxes on our home.

Morris: Wasn't this about the same time that pay-as-you-go income tax was a terrible issue.

Salsman: Yes, it was an issue.



Morris: I can remember citizens complaining madly about how unjust it was to have it withheld.

Salsman: Yes. But we have so many examples in our society of things that are compulsory. In fact in organized society most things are compulsory. And then of course the doctors argued that the voluntary plans would do the job and they pointed to their own CPS as an example of a voluntary plan. Well, CPS, of course, in my opinion was started as a backfire to Olson's plans for compulsory health insurance. And CPS didn't do the job and at the time Warren proposed his bills there were many medical organizations in this state that would not support their own CPS plan. The Alameda County Medical Society wouldn't do it. The San Diego County Medical Society would not do it. They wouldn't have anything to do with CPS which was their own baby. They disowned it.

So, the second argument that was advanced by the doctors and by those who supported their position was that voluntary plans would do the job. Now voluntary plans almost always envision insurance as a part of a voluntary plan and insurance meant insurance companies who have to do business on a profit basis in order to survive.

I've already mentioned the figures that you can verify from the Insurance Commissioner's office, that most health insurance policies in 1945 were cancellable, contained limited benefits, and the cost was high and as the records that I referred to will show, about two dollars in premium was collected for one dollar in benefits paid, and it never seemed to me that voluntary plans could do the job adequately and nothing has happened since 1945 to change my mind on that subject either.

The third argument that was advanced was that medical insurance would bankrupt the state. Well this, of course, is utterly and completely ridiculous. We have a system of workmen's compensation insurance now which carries not only the cost of medical and hospital care, but also carries wages with it. That doesn't bankrupt anybody. There is no reason why a plan that would cover only medical and hospital and drugs would bankrupt the state if extended to everyone, and if everyone was required to contribute to it, as Warren proposed.





Salsman: In 1945, the same thing's pretty much true today, a workman could be standing on a ladder painting a wall for his employer, fall and break his leg. He would not only have his medical bills taken care of, his leg would be set by the doctor. He'd have his hospital bills paid, he would receive his wages or a proportion of his wages until he could return to work. But if at the end of his day's job, instead of falling off of a ladder while he was working painting the wall for his employer, he went home to paint a wall of his own house and fell off of the ladder, he'd get nothing.

Morris: Nothing.

Salsman: No medical coverage, no hospital coverage. Now why, if you can cover the former, can't you cover the latter? Why would it bankrupt the state? Of course, it would be more expensive. You'd have to add something for the additional coverage, but to say it would bankrupt the state is completely ridiculous.

And then, there was an argument that it would be government control of medicine. There is an element of truth in this, because the board of administration, as envisioned by Warren, would not have been controlled by doctors, so to this extent there would have been some control of the fees charged by doctors to individual patients, but I don't see how anyone can ever control the practice of medicine, except the doctors themselves.

So it would not have been the control of the practice of medicine. No lay administrative board can sensibly do that, but it might have been a control of costs.

Morris: There would have been doctors on each of the boards.

Salsman: Oh, yes, sure. But they would not have been a majority. I think Warren's board was a nine man board, I think it called for four doctors as I recall, I may be mistaken about that, but they would have been represented on the board, but they simply would not have been in the majority. They wouldn't have controlled it.



Salsman: Then, of course, another argument that was often made which was really laughable, and that was that there was a sacred right on the part of the patient to choose his own doctor, and under the health insurance system as proposed by Warren, this would be completely eliminated. Well, so what. Under the workmen's Compensation Insurance Act no injured workman has a right to choose his own doctor. That right is vested by law in the employer, not in the injured workman, so there is nothing new in that. And secondly, the so-called sacred right doesn't exist anyway, because what does a patient know about his needs.

If a patient falls off the ladder and breaks his leg, he doesn't know whether he needs a neurologist or an orthodontist or whether he needs an orthopedist to look after him. His doctor tells him what doctor he's going to get.

The chances are that if he has an orthopedist reduce his fracture, the chances are he's never seen or heard of the man before the operation is performed, and probably will never see or hear from him again. There's simply nothing to that argument in my opinion.

There is another argument made which appealed purely to the emotions of people and that is that it was a socialistic scheme. It was a foreign scheme, it was of German origin perhaps and certainly at the very least, European and unAmerican. Well, perhaps it is socialistic in the sense that everyone draws together for mutual protection, but we have so many examples of that sort of thing that it just doesn't seem to me ever to have been a valid argument. Workmen's compensation also can be said to be socialistic, so can unemployment insurance, that was derived from the German experience.

Morris: Was "socialistic" more of a threat or more of an emotional appeal to...

Salsman: It was an emotional appeal.

Morris: Well, it keeps cropping up...

Salsman: Because, you see those were the arguments that were advanced against President Roosevelt and many of the programs that he was advocating. They were called socialistic, and even worse.



Morris: I think the question I am asking is: was socialism more terrifying or did it make more of an emotional impact 25 years ago than it does now?

Salsman: I think it made more of an impact then, because there was more of a tendency to equate it with straight out and out authoritarian communism. In other words, when they said 'socialistic' they sort of went right through Germany to Russia and thought about Joseph Stalin.

Morris: So that it would be a more compelling argument then than it is now.

Salsman: That's right.

#### DRAFTING LEGISLATION

Morris: You didn't help write some of this legislation, did you?

Salsman: I didn't have any part in the actual composition of it, because the composition of a bill of this nature is extremely technical, but I consulted with those who did write the bill. Actually, Warren's bills were written by a man by the name of Haas who is still with the Attorney General's office in San Francisco. I think his first name is Harold. And he was, he had a particular skill in this field, and I think he is the one who mainly composed these bills. Now, Bill Sweigert, who is now a federal judge and was Warren's secretary, undoubtedly cooperated with Mr. Haas in the composition of the bills.

Mr. Haas was the man who generally explained the technical aspects of the bill, how the system would work as expressed in the statutes, the coverage, the administration and all that sort of thing. He generally explained those things to committees, because this is a very technical job...writing the bill.

Morris: It is.

Salsman: And of course as in all legislation, it's composed by the experts in the field. I believe that Harold Haas





Salsman: and, perhaps Bill Sweigert, were the two who had the main job of writing the statute and I think Harold Haas probably wrote 90 per cent of it.

#### LEGISLATIVE MANEUVERS

Morris: And then did you introduce it in the Senate?

Salsman: Yes.

Morris: And Al Wollenberg introduced the legislation in the Assembly. This was two or three legislative sessions.

Salsman: This was '45, '47, and '49.

Morris: The two of you worked as a team?

Salsman: Well, we worked together and we had a mutual interest, that is getting the bill on the floor of one house or the other, but I think it would be fair to say that the main drive was to get the bill out of the Assembly committee rather than out of the Senate committee.

Morris: Because the Assembly has the money?

Salsman: Well, no. It was thought that the Assembly committee was the most likely one to release the bill and that the Assembly was the most likely body to pass the bill, you see.

Morris: But in order to become a law it still had to pass both houses. If you could get it out of the Assembly, then it would be easier getting it through the Senate?

Salsman: That's right. It would have the additional weight, don't you see, of saying to the Senate, now look, this bill has been passed by the Assembly committee, passed by the Assembly, it comes to you. You have the ball, the monkey is on your back.

Morris: You're big brother.

Salsman: That's right. Either you have to give this to the people of California, or you have to deny it to them. Now, while Al Wollenberg was working his bills



Salsman: and scheduling his bill before the Assembly committee, I was doing the same thing in the Senate. But the main drive was in the Assembly to get the bill out of committee, but of course, at the same time I was readying my bills for hearing in the Senate. My bills were heard before the Senate committee but they met the same fate that Wollenberg's met in the Assembly.

Morris: Did you and Wollenberg ever confer with Earl Warren about...

Salsman: Well, we didn't go together. We did not sit down and talk about these bills to the Governor, because really there wasn't a whole lot to talk about except the critical questions: "Where do we get a majority of votes on the committees that are considering these bills?" "How do we get them?"

I can remember talking to Governor Warren about these bills when they were before the Senate committee and I discussed with Warren the possibility that he, himself, would come before the Senate committee and plead for the passage of these bills, in fact I suggested it. I don't think it was a very diplomatic thing to do. It wasn't a very practical thing to do, and although Warren considered it, he rejected it. And I think he rejected it properly, too, because it doesn't do for a governor to come down before a committee and make a personal plea for a bill and then be defeated. I guess Huey Long used to do some of those things, only he usually won. [Laughter]

Morris: There were some references in the Chronicle and the Bee of those years indicating that there were some offstage meetings at which Warren and some of the medical association, some of the union people, some of the legislators, met to try and work out a compromise.

Salsman: Oh, I'm certain those meetings took place. I didn't attend any meetings of that nature, but I am certain that Warren did talk with some of the people who were most opposed to his bills, I am sure he talked to some of the leaders of the medical profession and undoubtedly he spoke to some of the leading business representatives, the lobbyists, or the people who were important in the state Chamber of Commerce. That sort of thing, I'm sure he did. But there were never any formal meetings between legislators and those people, so far as I know.



Salsman: I talked to Warren a number of times about these bills and there really wasn't very much to say because we each were aware of the fact of life and that was that we didn't have a majority in favor of the bills on any committee. We just knew we didn't.

Morris: Was there equal lobbying going on on other issues?

Salsman: No. I think the health insurance bills were the most intensely lobbied of all the bills in my experience in the legislature. There was other powerful lobbying on other bills.

Morris: This is what I discovered. In the 1947 legislature, there was a highway bill...

Salsman: Oh, there were all kinds. The cities, when they got over one hundred million dollars from the state, were powerful in their lobbies. The state teachers, when they grabbed \$157 million from the state, they were very powerful in their lobbies, and many others were powerful. But I think that the health insurance lobbying was the most intense.

Morris: It is very interesting, looking back on it and wondering why the balance went the way it did.

Salsman: Well, the main lobbying in the health insurance field was the doctors. And I think that you can understand that, by realizing that the doctors want to have a free hand, economically, with their patients. They may never collect a bill from the patient or maybe from a hundred patients, but they still want the right to fix their own fee.

Morris: Did they finally mellow or just give up or decide it was inevitable, so that there has been eventually, in the last four or five years, Medicare and MediCal which are similar.

Salsman: Well, yes, there has been some advance since these bills were defeated in the forties. But health legislation isn't perfect. There is still no limitation on medical costs.

Morris: This is what Finch was referring to.

Salsman: That's right, you see, also in the newspaper, reports of doctors making very large sums of money out of MediCal and also out of Medicaid. And the costs are





Salsman: still not under control.

Morris: On this business of the costs, do you remember Dr. Nathan Sinai coming from Michigan?

Salsman: Yes.

Morris: And in reading the notes of his presentation and later correspondence with the Assembly committee which was meeting while your interim committee was meeting...

Salsman: Yes.

Morris: He said that the administration costs were the greatest variable in the cost of any given prepaid health plan.

Salsman: Well, I think that's true, but that assumes, I am quite sure, that the medical costs are controlled. When he made that statement I am positive that he was saying the health plan would provide so many dollars as a fee for reducing the fracture of an arm, not what the doctor would want to charge. One doctor might think his service worth a hundred dollars. Another might think he's worth a thousand or more. And I'm certain that what he was speaking of there was the administration of the system itself by the civil service and by the administrative board and the employees that you have to have anywhere to administer a system of health insurance.

Morris: Do you think that the legislative hassle over health insurance did spur the development of private insurance?

Salsman: Oh my, yes. That's one of the tremendous results of Warren's struggle for health insurance. It spurred Blue Cross which was of very limited application then. It spurred CPS. It brought the doctors to an acceptance of their own plans. I mentioned before that the San Diego Medical Society and the Alameda County Medical Society and some others would not support their own plan. Of course, they all do now. And above all it improved the private plans. It improved the insurance that was sold to the public.

Morris: So that the legislative campaign was not all in vain.

Salsman: Oh, it certainly wasn't. The public got a benefit out of it despite the fact that the statutes were never passed.



Morris: There were other things going on in the health field in this state during your years in the Senate, and in Warren's years as governor?

Salsman: Yes.

#### STATE DISABILITY INSURANCE

Morris: What of those can you remember particularly.

Salsman: Well, let me see now, I think that we added when I was there cash payments for illness disability.

Morris: On workmen's comp.?

Salsman: Well, it was either added on to workmen's comp. or provided for separately. I believe it was added on to workmen's comp. or it was involved in that system in some way but under workmen's comp. you're paid for an injury, for an industrial accident, but now a workman covered by that same system, may get a very bad cold, or pneumonia, and ask to stay off of the job. He is entitled under proper circumstances to cash payment for the period of his, not necessarily for the period of his disability, but for the periods provided for in the statute. That was added, which I think was a worthwhile thing.

Morris: There was some thinking also that the hospital facility survey might have had a bearing on slowing down the prepaid health insurance.

#### CONSTRUCTION AID FOR HOSPITALS

Salsman: I don't think that had anything to do with it. There was a good deal of concern about hospitals and there were federal statutes passed which were designed to aid in the financing of the construction of new hospitals and there were state statutes passed at the same time. I recall that Senator Herbert Slater, the blind Senator from Santa Rosa, had a bill like that in the '47 or '49 session I forget which one it was, '47 I guess.



Morris: '47.

Salsman: And that bill passed, and under that bill many hospitals were constructed in the state of California, receiving the benefits of federal aid, state aid and district aid.

Morris: And this was surprising because this legislation was passed at the federal level in 1946 and within about three months California had set up a commission to make this study. That was the fastest I've ever heard of the legislature...[Laughter]

Salsman: Yes, because we were aware of the fact that after the war the population in the state was likely to increase, at least it was thought to increase rather rapidly, we were aware of the fact that we didn't have enough hospitals. We don't have enough of them today.

#### WARREN'S 1949 OPPOSITION

Morris: Did you have any contact with Warren on other matters besides this health insurance?

Salsman: Oh, yes. I did. You see in the 1949 session of the legislature, by that time Warren had accumulated a rather substantial number of political enemies and these were people that in one way or another he had offended politically, or he was on the opposite side of the fence from things that they desired and wanted. Now, certain people in the petroleum industry were pretty violently opposed to Governor Warren; certain people in the trucking industry were deeply opposed to Warren and other special interest groups also opposed him, don't you see. And this resulted and was particularly evident in the 1949 session in the creation of a rather large bloc in the Assembly. They weren't as well identified as the old Economy Bloc, but there was a large bloc in the Assembly in 1949 that was very much opposed to Governor Warren. You can say right offhand that it would be all the Democrats, or most of the Democrats, and secondly, it would be the special interest groups opposed to him and so, sometimes his legislative program had a very hard time getting by the Assembly, and then of





Salsman: course the Assembly, and the Senate, too, is often very political and sometimes does what it can to disadvantage the other party, especially if the incumbent is of the opposite party.

### Senate Supporters' Luncheons

Salsman: In 1949 there was a group that met with Governor Warren at his request every Wednesday for lunch. That group met at the Sutter Club. As I say, Governor Warren took us all over there. There were about seven of us, I guess, in all. And I was a member of that group and our main purpose was to protect Warren and his legislative program from the assaults and inroads that his opponents in the Assembly were making upon it, don't you see. And so every Wednesday we would discuss bill after bill and procedure after procedure and policy after policy, every Wednesday during the whole session.

Morris: During the whole session?

Salsman: Yes.

Morris: This was a kind of a luncheon cabinet.

Salsman: Well, it wasn't exactly that. It was composed of the people really that supported Warren legislatively in the Senate. Now he may also have had a similar group in the Assembly, I don't know.

Morris: Who were the other six...

Salsman: Well, the Pro tem of the Senate, Butch Powers, was one. George Hatfield, from Merced, was another and Tony deLap, Bill Rich, and I was there, that would be five. Now let's see, I am not sure whether Senator Mayo had died by that time or not.<sup>6</sup> I am not sure whether Senator Mayo was a member of that group or not, and there were one or two others but I've just forgotten who they were. There were seven of us.

Morris: Do you remember some instances of issues and strategies?



Salsman: Well, no I don't. I remember one bill that we discussed that the lending people, not the small loans, the commercial lenders, people who loan substantial sums, you know, were very interested in. And I think they got the bill through the Assembly. I think it came to the Senate and as I recall the Governor was opposed to that bill because it either permitted these people to enter a field they had not theretofor entered, higher loans you know, or it permitted them to increase their rates on these loans, and the Governor was inclined to be opposed to it. Some of us in that group were not particularly opposed to that bill but the consensus was that the bill should not be passed and that the...

### The Public's Best Interest

Morris: Because Warren didn't want it?

Salsman: Not necessarily because Warren didn't want it, but because after thoroughly examining the situation, we concluded that the bill might not be in the best interest of the public and that the present law was all right. While that was a specific bill that we discussed there was never any counting of noses by saying, "Well, you're going to vote against it, and you're going to vote against it, you're going to vote for it." We didn't count noses that way, but we just discussed it. There was the feeling when we left: well, this bill is probably not in the best interest of the public so let's see what we can do about it.

Morris: Would you report that way when it came to the floor?

Salsman: Oh, no, no. Those meetings were never mentioned to anyone any place.

Morris: Yes, I see this, but if a bill had been discussed in the lunch meeting, would you make it a point then to comment on it, on the bill, if it were one that Warren had indicated was important?

Salsman: Not necessarily. The bill would be debated on its merits and if you wanted to get up and say, "Well, this field is already adequately covered, we don't need this bill. This bill imposes an additional



- Salsman: cost on certain kinds of borrowers and it's unnecessary." You might get up and say those things but you would never get up and say that it was discussed at a meeting.
- Morris: No, I understand that, that would not be...[Laughter]
- Salsman: And in fact, legislation was not discussed that way with Warren. It would be discussed on its merits but I don't know that we ever counted noses and made any firm decisions.
- Morris: Did you offer comments and suggestions to Warren about how you thought things might be going.
- Salsman: I don't recall any specific instances when I did, but when we met at lunch we all discussed bills, all discussed pending legislation and we picked each other's brains as it were and we tried to find out what the right and proper course of conduct would be on particular legislation.
- Morris: This sounds like it was a new departure for Warren.
- Salsman: Oh, I don't think so. I imagine that he met with many groups at lunch, often to discuss legislation.
- Morris: In some of the studies that have been written about him they comment on early in his governorship that he didn't have very close contacts with individuals in the Senate and in the Assembly.
- Salsman: I don't know that that's true, I always thought that he had pretty good relations with the legislature. Of course, any governor, Republican or Democrat, is bound to have a certain set number of opponents. If he's a Republican, the Democrats tend to be against him in his programs. So there's always that problem, but the Governor had many close friends in the Assembly. Al Wollenberg, for example, was a very close friend of his. And he had many good friends in the Senate. Tony deLap and Bill Rich and George Hatfield and, hopefully, I was in that class as a good friend of his. So I thought that the Governor had really fairly good relationships with the legislature throughout his entire career. Now this doesn't mean to say that he wasn't violently opposed by certain members of the legislature. He surely was.





## EARL WARREN'S STRONG POINTS

Morris: Would you care to give us a brief description of your opinions of Warren as a governor.

Salsman: Oh, sure, I haven't any objections to saying what I thought of Warren. I thought Governor Warren was the best governor I had ever seen, and I have seen quite a lot of them.

In the first place, Governor Warren was a sincere person, he really believed what he advocated. I don't think he acted from purely political motives ever. His health insurance proposals, I think, illustrated that. I'm certain he believed his plan would have been a very fine plan for the benefit of the working class and middle income people. I certainly believed that. I think Governor Warren was a completely sincere person. I can think of no legislative program he ever advanced that could really be classed as simply political or done for political purposes.

Secondly, I think Governor Warren was extremely strong in his personal relationships in this sense. He was able to work with people, I believe, in a friendlier and more cooperative way than almost any governor I have ever known. Then again, I don't mean to discount the fact that he had people who were violently opposed to him, but still and all, he was able to work with a majority of the legislators in an amicable way and he was an excellent administrator. He quickly saw that after the war there would be tremendous demands upon the state for money and one of the things he did, to illustrate his qualities as a governor, he made arrangements for saving as much money as possible during the war so this money would be available after the war.

Morris: Is this what's called the Rainy Day Fund?

Salsman: Well, yes. He called it his Rainy Day Fund and he was like a squirrel hiding nuts. He had half a dozen funds that he squirreled away money in, don't you see? And when you count them all up it came to a rather large sum.

Morris: That's frowned upon nowadays.



Salsman: Well, it may be frowned upon, but you can see the advantage of it. If it was already appropriated and put into pockets, then the legislature would not feel so inclined to appropriate it for every pork barrel proposal that came along, don't you see?

Morris: I see. In other words his funds were...

Salsman: Already appropriated for the Rainy Day Fund, for highway construction fund, half a dozen other things that he did. He was an understanding administrator, I think, when it comes to handling the state government. And he was completely fair also. I think he always was, and still is, a very fair minded man.

For example, the teachers of this state got themselves in a terrible mess on their retirement system. They had promised benefits that could never by any stretch of the imagination have been paid. So they came to the state of California with their hand out--please make up the deficit that we had promised to our teachers. We can't pay it. The deficit was enormous. It was 157 million dollars to be exact. And Governor Warren at first said, "Well, this is so large and so huge that we just must have time to think about it." And so he didn't help them the first time they came up, but in the second session when they came back again he did promise help and he did work with them. The plan was worked out whereby in general the state assumed that 157 million dollars and appropriated immediately for the state teachers retirement system 30 million dollars in cash, and also he made provisions for appropriations later, year by year. And in addition to that he provided for a sharing of a portion of the burden with the local school districts.

Morris: That's a fantastic story.

Salsman: Well, he was very understanding about things of that nature. He could see the plight of a school teacher who had worked at a medium income job for two thirds of a lifetime coming close to retirement and still have nothing in the fund to meet the promises.

Morris: Did the state take over the administration of the fund?

Salsman: No, I don't believe they did take over the administration, or did they? Or was it always administered by



Salsman: the state, I just can't answer that.

Morris: What about the prospects for the Presidency?

Salsman: Warren was, of course, a leading prospect for the Republican nomination and at one convention, I don't remember which one it was, he received quite a large number of votes, but I have no special experience to draw on in Republican national politics. But it's sufficient to say that he never got enough votes to be nominated. He would have been a magnificent president.

#### THE WARREN COURT

Morris: There's been some thought that maybe as Chief Justice he accomplished more than he would have been able to as President.

Salsman: Well, I don't know whether he did that or whether he didn't. Certainly the Supreme Court during Warren's incumbency changed the course of our social life in this country. It certainly did.

Morris: This is something I wondered about. In your experience as a judge, did any of the Warren Supreme Court decisions affect your activities.

Salsman: You don't know the half of it! You see, this is the way the judiciary is set up.

#### Salsman as Judge

Morris: You were appointed by Warren, weren't you?

Salsman: I was appointed to the Superior Court by Warren. I was appointed to the Court of Appeals by Brown. But this is the way the courts are set up. You have the Constitution which says, the United States Constitution, which says one thing. The United States Supreme Court's interpretation of what the Constitution means is binding upon all courts. So when the United States Supreme Court says what the Constitution means,





Salsman: it wouldn't do for me or any other judge to say, "Well, I'm a lawyer, too, and I'm a judge, too, and I read the Constitution in a different way. I don't think it means that." As lower court judges we were like soldiers in the army. When orders came down, well we obeyed. We obeyed the rule and we marched exactly the way the Supreme Court said for us to march. And this is true of every judge in the United States. This is why the federal rules, and the federal decisions, are so vastly important. You see why the decisions of the United States Supreme Court are so important.

### Right to Counsel

For example, the Constitution of the United States says, in effect, that every person accused of crime is entitled to counsel. Now the California Constitution says substantially the same thing. In California we used to think that when a policeman arrested a man he could talk to him and ask him what he was doing when he was picked up, and if he didn't do whatever the policeman thought he had done, and when that man was brought into court for the very first time upon his arraignment one of the things that the judge presiding very early asked him was, "Do you have a lawyer?" And if the man said, "No, I don't have a lawyer," the judge would ask, "Do you have any money to hire a lawyer?" "No, I don't." "Do you want the court to appoint a lawyer for you?" And the man might say, "Yes, I want a lawyer." Then the judge would appoint a lawyer for the man. And this fulfilled the Constitutional requirement that every person is entitled to counsel, you see.

This was approved in countless decisions all over the United States, but under the Warren court, in *Miranda vs. Arizona* in 1966, the Warren court reinterpreted that language and they said that the right to counsel exists and comes into play at the very moment that a person becomes a suspect. So that when the officer on the beat sees a man that he suspects of burglarizing a store and he takes him by the arm and says, "Look, come with me, I want to know all about this." Now if that man said to the policeman at that time, if the policeman asked him, "Well, weren't you the man who entered that store and



Salsman: burglarized the store?" And the man said, "Well, you got me, I'm the guy, I did it. So that's all I got to say. I'm the one you're looking for."

Well, under the old interpretation of the Constitution, his admission that he was the guy who entered the store and burglarized it, the response to the officer's interrogation, was perfectly valid evidence. He could be convicted in court on that. Under Warren's interpretation, no.

Warren on the Supreme Court said that first, you have to tell this man that he doesn't have to talk to you as a policeman, he doesn't have to say a word to you. The first right he has is the right to have an attorney right then before you question him, before you interrogate him, and if you don't tell him that he's got a right to an attorney, he doesn't have to say a word. If you do tell him and he voluntarily tells you something, that's all right. But if you don't tell him he's got a right to have an attorney, and you question him and he incriminates himself, then the conviction may be thrown out if his statements to the officer are given in evidence. You see, his right to counsel goes way back to the time when the policeman took him by the arm on the street.

Morris: In terms of Warren, would you say that this was an extension of the fairness that he exhibited back when he was governor?

Salsman: I don't know. It could be an extension of his state of mind showing that he wants to be extremely fair to everyone. It could be that. Maybe it was, I don't know.

Morris: It's too soon I suppose to start on the history of the Supreme Court years.

Salsman: Well, I must say I'm not entirely in accord with the decisions of the Supreme Court of the United States, as exemplified by the Warren court. I must candidly and frankly say that. On the other hand, being in a lower court than the United States Supreme Court, in all of the cases that came before me, I had to apply those rules with absolute rigidity. I had to apply them just like a soldier has to take his orders and do what he is commanded to do and I can recall some very bad cases that made me feel very





Salsman: unhappy, where I had to apply these rules. I was made very unhappy by it to tell you the truth, but I had to apply them and, who knows, maybe I'm wrong in my feelings. Maybe the United States Supreme Court is right, that's still a subject of great debate.

Morris: Yes, it is, but we pick up an idea here and there to go into the record for future researchers.

Salsman: Well, I think Warren is a very fair-minded man and I think that all the decisions that emanated from the United States Supreme Court during his time as Chief Justice reflect the fact that he wants to be a fair man, fair to everyone. I suppose that there were many abuses that were corrected by some of the decisions of the United States Supreme Court. I'm not talking now about the decisions about race and civil rights and that sort of things. I'm talking mainly about decisions on criminal matters, criminal procedure, but I think Warren may have come to these views just as an extension of his desire to be perfectly fair with everyone, to lean over backwards to be fair with everyone.

Morris: This seems to be the general consensus with everyone, the sincerity and the fairness come through practically with everyone we've talked to.

#### Role of Law Clerks

Salsman: Now I will say this, we're all subject to suggestions and I have no doubt that there were many men who surrounded the Warren court as they came to reach their decisions, whose influence was felt in the ultimate decision the court arrived at. Whether their influence was consciously felt or whether it had a subconscious effect upon the Justices would be an interesting subject for exploration, but you see each one of these Justices has at least one, and maybe more, extremely intelligent, bright lawyers who are recent graduates of the leading law schools--Harvard, Chicago, Yale, Cal, Stanford. These bright young minds have some rather liberal ideas, I dare say, in researching the cases that come before the United States Supreme Court that some of their ideas





Salsman: were expressed on paper for the Justices to read. The extent to which their ideas may have persuaded the judges, I don't know; but I dare say, that the staff of the United States Supreme Court under Warren's incumbency and I am just guessing about this, because I have no inside information on this at all, I dare say they were very outspoken in their views as to how the law should be.

Morris: That's a very interesting suggestion.

Salsman: I don't say that the Justices of the Supreme Court follow their views, but I would be mighty surprised if that bright staff that the Supreme Court always has did not argue lucidly for its own views.

Morris: I would think that probably this is one reason they are sent to the Supreme Court.

Salsman: Of course it is. Of course it is.

Morris: That's a fascinating sideline on the judicial process. And now you've retired to contemplate all these accomplishments. Are you thinking of doing your own memoirs?

Salsman: No. I don't have anything to say that anyone would really be interested in reading I don't believe. No, I would never think of doing anything like that. I have had a lot of interesting experiences but I don't think I want to...

Morris: Well, I do thank you. We've gotten several facts that we didn't have before and I think some very interesting insights.



## FOOTNOTES - Byrl Salsman

1. An Unemployment Commission was established in 1931, and began administering federal monies in 1933, when the California unemployment rate was 28% of a 2.5 million work force. In 1935 state funds were appropriated for unemployment relief and the agency became known as the State Relief Administration.
2. The 1965 Legislative Sourcebook is dedicated to the "famed Economy Block of 1939-1942, who saved the State of California from financial disaster" and lists these Assemblymen in the group: Gordon Garland, Seth Millington, Jeanette Daley, Clinton Fulcher, Chester Gannon, Earl Desmond, Clyde Watson, Rodney Turner and Ernest O. Voight. All were, or had been at one time, Democrats. Garland, Millington, Fulcher and Gannon were reelected in 1941 as Republicans; Watson became a Democrat in 1945. Garland later served briefly as Warren's director of the Department of Motor Vehicles.

A state senate economy group mentioned in several sources included: Bradford Crittenden, George Hatfield, Ben Hulse and William Rich. These men, too, each changed party affiliation during their elective careers.

3. John Harold Swan (D) Sacramento, served in 1941 and 1943 sessions.
4. John Shelley (D) San Francisco, served sessions of 1931, 1941, 1943, 1945, later mayor of San Francisco. Arthur H. Breed, Jr. (R, Prog. D) Alameda, succeeded his father in the Senate and served from 1939-58. Louis G. Sutton (R, D) Colusa, Glenn & Tehama, served 1945-58.
5. Robert Finch then Secretary of U.S. Health, Education and Welfare; formerly Lt. Governor of California under Ronald Reagan, 1967-69.
6. Jesse Mayo died in office March 12, 1953, having been returned to the Senate regularly since 1939, first as a Republican and later as a Democrat.



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Earl Warren Oral History Project

Gordon Claycombe

THE MAKING OF A LEGISLATIVE COMMITTEE STUDY

An Interview Conducted by  
Gabrielle Morris





Gordon Claycombe



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## APPENDIX

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## INTERVIEW HISTORY

Gordon Claycombe was interviewed by the Regional Oral History Office in order to document his role in the legislative events related to Earl Warren's effort to achieve passage of a state-administered health insurance program, and selected other experiences in his career in medical public relations.

**Interviewer:** Gabrielle Morris, staff interviewer for the Regional Oral History Office, whose special area of research is the background and development of health care programs and legislation during the 1940s and '50s. Guidance on general questions from principal investigators of the Earl Warren Project.

**Conduct of the Interview:** A single interview was held on February 19, 1970, in Mr. Claycombe's comfortable contemporary home in Palo Alto, filled with paintings and other mementos of the many times he and his wife have returned to Europe.

Editing of the transcribed taped interview was done by the interviewer. Mr. Claycombe revised the edited text and made minor changes. In discussing the manuscript, he recalled additional aspects of legislative and lobbying methods and a later shared experience with Governor Warren. These comments are included as pages 38-44. A few pages of the preliminary findings of the Senate Interim Committee on Prepayment of Medical and Hospital Care are in the health insurance file in the Earl Warren archive.

**The Interview:** Gordon Claycombe, a cordial and attractive person, was director of development for the Childrens' Hospital at Stanford at the time of this interview. This beautifully laid out complex of informal homelike buildings, designed to help handicapped, chronically or seriously ill young people maintain contact with their education and youthful interests while receiving medical care, is consistent with the type of



responsive public service the young Claycombe was interested in when he was introduced by Dr. Russel Lee to California senator Byrl Salsman in 1946.

Mr. Claycombe sketched his early interest in medicine as a young man in Vienna in the early 30s; as a crusading reporter in Portland, Oregon; and on the administrative staff of Dr. Lee's Palo Alto Clinic, where he became familiar with the possibilities of group medical practice and prepayment of medical care.

He recalled in detail his staff work for Senator Salsman's Interim Committee on Prepayment of Medical and Hospital Care, the course of discussions with the committee members, and his impression of forces at work in the community. Looking back twenty-five years, he commented "Today ... I'd go about the assignment in an entirely different manner ... members of the committee knew, as politicians, that it would be impossible to get health insurance legislation through the Assembly and the senate ... I should have paid more attention to what was going on in the legislature and ... concentrated more on putting the basic and supporting information together to make a case for health insurance!"

As an insight into the workings of the legislative process this memoir is most interesting, reflecting as well the reaction of an inexperienced concerned citizen to the realities of political action.

Gabrielle Morris, Interviewer  
Regional Oral History Office

25 March 1971  
486 The Bancroft Library  
University of California at Berkeley





### Family History

Morris: Would you tell us a bit of your family background?

Claycombe: I was born late at night on December 23, 1909, in our home in Spokane, Washington. My father's name was Herschel Lloyd Claycombe and my mother's maiden name was Isabelle Eaton. My father was born in Illinois and my mother in Canada. Both of my parents came west to Spokane in the early 1900s where they met and married.

My father was in the dry goods business. He had owned his own department store in Bonner's Ferry, Idaho, which was, unfortunately, burned down.

In 1925 or '26, he left the dry goods business to become a Ford dealer in Ashland, Oregon. My father died in the late fifties; however, my mother still makes her home in Ashland.

I went to Europe from San Francisco in 1929 and ended up in Vienna and I stayed there for six years. I had the romantic idea that I might meet and marry a Hungarian.

Morris: Did you?

Claycombe: I met a Bulgarian pianist, Antoinette Detcheva, a protege of Monsignor Giovanni Roncalli who later became Pope John XXIII. She gave up concertizing when our first daughter, Sevdalyn, was born in Portland in 1939. Antoinette died unexpectedly several years later, and subsequently I did marry a Viennese, whom I met in San Francisco.



### Vienna in the Thirties

Claycombe: It was while I was in Vienna that I became interested in medicine.

Morris: Did you study medicine at the University?

Claycombe: Oh no, no! I went to the University to inquire what units or credits I'd have to make up in order to be eligible to be admitted to the medical school in Vienna. One of their requirements was eight years of Latin which I didn't have.

So I attended a "Maturaschule"--that's literally translated "matriculation school" in Vienna to study Latin, sort of a crash program in Latin to try to cover eight years of Latin in as brief a time as possible as well as other subjects required for admission to the University.

As an aside, it was while I was attending the Maturaschule that I met Tess Shirer, William Shirer's wife. At that time I was avoiding Americans. I avoided them most of the time I lived in Vienna. I was trying to get away from all the "Babbitts" of the world--especially the American type. She said to me, "You know, I'd like to have you meet my husband. You have a lot in common and I know you'd like him." I put her off using one excuse or the other. I finally ran out of excuses, and she told me they were having some guests in the following Sunday, would I come, and would I come early so that I could meet Bill.

So I went to their home in...they lived on the same street that Dollfuss lived on at the time. This charming, intelligent and vivacious young woman whom I knew at the school dressed in the traditional student attire--beret and trenchcoat--greeted me at the door holding a long cigarette holder and wearing a chic and sophisticated hostess gown. Tess took me into the study to meet Bill. We sat together and had a long and interesting conversation. I took an immediate liking to this sensitive and extremely intelligent man. In a short time we found we shared many interests in common. Eventually, along came John Gunther and about fifty other guests including H.G. Wells' mistress and playwrights, actors, journalists, politicians, and what have you, and



Claycombe: also the first ambassador from the Soviet Union to Austria.

It was most amusing because the guests present knew that the Soviet ambassador was going to be present and they were naturally curious, but no one knew exactly who he was. There was one individual there who had a beard (and this goes back to the American fiction of those days that all Communists, particularly those from the Soviet Union, must have a beard. So there was this man who looked like he could be the ambassador, who did have a beard, and everyone sort of clustered around him. It finally turned out that he was Swiss and a playwright and that he had written some three hundred plays which hadn't been produced! [Chuckles]

As I mentioned John Gunther was there, too. During the party John retired to the study and from time-to-time he'd reappear and make his way through the crowd in his shirtsleeves, which was very improper, to go to the kitchen, and return back with a stein of beer and disappear into the study. I hadn't met him as yet. But I noticed this figure in shirtsleeves making his way through this rather fashionably dressed crowd to the kitchen and returning each time with a schooner of beer. Then later I met him.

### Viennese Medical Care

While I was in Vienna, one of the things that really impressed me was what the socialist government of the city of Vienna was doing in the field of housing and health. They had one modern building; it was referred to as a "skyscraper" although by American terms it was anything but that. This building was called the "Institute for the Periodic Examination of Healthy Individuals"--period. At six month intervals, any resident of Vienna had the right to make an appointment and go to the free clinic and receive a complete diagnostic examination, including laboratory, x-rays, and whatever was required. Physicians of Vienna contributed their services and helped to maintain this Institute on a voluntary basis. They rotated through certain





Claycombe: specialties and physicians would be in attendance on a stipulated day, for their turn, in their respective specialty...particularly internists specializing in chest and respiratory tract medical problems.

Morris: At no charge at all to the citizens?

Claycombe: No charge at all. I know one thing that caused this Institute to be created was the high death rate due to tuberculosis. Vienna, as you know, is a very, very old city. Its cobblestone streets are filled with dust. I mean, there is dust all around and between the cobblestones. When auto traffic came along, and heavy trucks and so forth and so on, drove through these old quarters of Vienna, the dust was kicked up into the air. Possibly as a result of this, Vienna experienced a death rate from tuberculosis that was extremely high. This was one of the reasons that they wanted citizens of Vienna to be examined.

Morris: This was one of the first big public health campaigns in the United States, too.

Claycombe: Yes? I don't know too much about the TB campaign in the United States.

This impressed me in Vienna. Of course I knew or met many, many of the psychiatrists and psychoanalysts who later became world-famous...Stekel, Helene Deutsch, Fraenkel, Freud and others.

Morris: Did the psychiatrists also participate in this clinic?

Claycombe: I honestly don't know. I always assumed that they were involved but perhaps not.

Morris: In other words, you could get a psychological interview along with the blood test?

Claycombe: To my knowledge, they didn't participate on a routine basis, but possibly they were available for referral or for further diagnosis.

There were quite a few people in Vienna who were emotionally disturbed at that time. [Laughter]



Morris: Were they there first or did they come because of the analytic school?

Claycombe: [Serious] No, they were there. That's possibly one of the weaknesses in Freud. Freud dealt with the upper-middle class group of Viennese--many of whom had emotional problems and there were many neurotics among the upper class and the upper-middle class population of Vienna. While I am a great admirer of Freud, I just mention that in passing. I had the pleasure of meeting him on the Ringstrasse with his daughter, Anna. A friend of mine, Feodor Vergin, who wrote a book called Subconscious Europe (Das Unkewurste Europa), introduced me to Freud. Vergin was applying Freudian theory to nations, as to why France acted the way France acted, why Czechoslovakia acted the way it did, Austria, Germany, England, and so forth and so on.

So this was an interesting encounter. Of course at that time Vienna was the home of the Psychoanalytic Institute. It is typical of Vienna that practically throughout history it has seldom recognized the talents of its sons and daughters while they were alive. Freud was never honored during his lifetime. He was ridiculed, he was driven out of the University. He had to set up his own institute so that he could further his theories, in spite of everyone, and in spite of everything--not with the help of the Vienna "establishment."

As soon as World War II ended, they wanted to put up a bust (and they have a bust) of Freud in the "Alle", what they call the "Alle" is where they have busts of all these revered and famous former professors of the University of Vienna. This is a long corridor with busts done by various sculptors, of great men who were associated with the University of Vienna. But it is sort of hypocritical, or whatever you want to call it, to see a man that they ridiculed and officially wouldn't recognize, honored now because it is very safe at this late date to honor Freud. [Laughter]

Morris: When you came back to this country, did you become involved in medical education?





Reporter in Oregon

Claycombe: Well, in a way. I returned to this country and I went to Portland, Oregon, and I wrote for the Portland Oregonian. I was a feature writer, and I also wrote on international affairs for another competing newspaper. Incidentally, that is one of the things I am most proud of, because in 1936 I wrote of the war that was coming not later than 1940 and not earlier than 1938, and that Japan would play a leading role in the coming World War!

At that time Hanson Baldwin and Senator Borah (Hanson Baldwin of the New York Times, their military expert and he's still their military expert!) said that there'd be no war, and so did Senator Borah. But this is the way things are. People never compare what these "experts" said in the past, with what actually happened; and they go on being "experts."

I became interested in the treatment that was given to the feeble-minded children in Oregon, to the mentally ill, and I wrote a series of articles for the Oregonian on these various subjects. I visited these institutions. One feature article I wrote had to do with what is now so popular--birth control. I can't remember the terms.

I traced the history of one Oregon family, like the famed Kallikaks, and showed genetically what had happened to these people, where they were, and how they kept procreating the same hereditary "birth defect" problems in their children. I had charts made in color of many generations of this one family and so forth and so on. Of course this is a very controversial subject. I was recommending vasectomies for men after it had been proven that they had such a genetically depressing history and so forth and so on and recommended that they should be sterilized...(is that the word?)

Morris: Sterilized or in the case of women, having their fallopian tubes tied.

Claycombe: Yes. At that time California had such legislation on the books. I know I used California as an example.





Claycombe:

One interesting aside, the Communists in the Portland area accused me of being a Fascist, and Archbishop Howard of the Catholic Diocese in Portland, called E.P. Hoyt--"Ep" Hoyt, who was my managing editor--and complained bitterly about this article I had written. Ep looked over toward my desk and he said, "Well, the man who wrote it is here. Why don't you talk to him."

So the next thing I knew, I was talking to Archbishop Howard, who started to read me the riot act, and how this vasectomy operation was a mutilation of the human body. I replied to the Archbishop, if I remember correctly, "Archbishop, under an edict of Pope Leo the X, XII, or XIII, I can't remember which, it was perfectly proper with the church to castrate young boys to provide soprano voices for the church choirs in Europe. I consider castration a greater mutilation of the human body than the surgical procedures suggested in this article." With that, the telephone went down with a bang and that was the end of that conversation!

### Venereal Disease Control

And then I came to California. Shortly after arriving here, this was in 1937, I met Dr. Russel V. Lee. Dr. Lee and I worked together for a considerable period of time in establishing the American Society for the Control of Venereal Diseases.

Years before then, upon graduating from Stanford medical school, Russ Lee had gone against the current and instead of setting up practice in San Francisco, he'd done just the opposite, and moved down the peninsula to the small university town of Palo Alto and established his practice. When we met he was more or less unknown outside of "town and gown" circles in Palo Alto. To remedy this and get Russ more widely known to help ensure the success of the project in California and the seven western states, I managed to get Russ Lee on the front pages of all the newspapers in San Francisco, and on radio, and in Herb Caen's and Art Caylor's column and so on.



Claycombe: We were trying to break down the prissy, Victorian attitude which cloaked syphilis and gonorrhea with the name "social diseases." Our objective was to call a spade a spade, and have people properly treated in time and hopefully cured. That was a very definite possibility at the time but it took a lot of work to break down resistance on the part of newspaper editors, radio executives, station executives, network executives and what not to use the words syphilis and gonorrhea in print and over the air. It was a very touchy subject then. Today it all seems rather ridiculous and unbelievable. I still have a two page letter from a radio network explaining why the words syphilis and gonorrhea couldn't be used over the air. He didn't even use them in the letter!

Morris: It points up the use of newspapers to influence legislation.

Claycombe: To make people aware.

Well, that's what we did. Actually we were not too successful in starting a mass movement in support of the American Society for the Control of Venereal Diseases. Although Thomas Parran, Surgeon-General of the United States, and Paul de Kruif worked on this project at the same time. They devoted their efforts to the eastern seaboard, and we devoted ours to the seven western states.

In California, in particular, we were successful in setting up legislation to establish a Bureau of Venereal Diseases. As a result of getting that legislation passed and securing a budget appropriation, Malcolm Merrill was brought in to be director of this bureau. Of course, as you know, Malcolm Merrill later became public health director for the state of California.

To get this legislation and appropriation through the legislature took a great deal of work. To me it was horrifying, because the public response at times would bring to light really pitiful case histories. We'd hear of people who practiced Christian Science and had this problem and of course nothing could be done about it. We'd hear of quacks who'd take ignorant but well-intentioned people and put them or their children, in some instances, on





Claycombe: water "cures"--just plain water out of the tap--giving it some fancy name and charging them all the traffic would bear and much more than any qualified MD would have charged for treatment of syphilis or gonorrhea.

I'd get pitiful letters written by a mother about her son or daughter, who had been in the hands of one of these quacks for umpty-ump weeks or months, and they'd given him all the family savings (maybe it was only seven hundred or nine hundred dollars), and the daughter or the son wasn't cured. This is the tragedy of quackery. Of course I brought all these cases to the attention of the proper authorities--the California Medical Association, and also at the governmental level.

I even wanted to try something, but Dr. Lee said it couldn't be done. But if someone or other could have given me a shot so that if I asked for a Wasserman test, I could have turned up with a 4+ positive. Then if these quacks or other unqualified practitioners had offered to treat me, having that 4+ evidence in hand, I think they could have been picked up, arrested for practicing medicine without a license, tried, convicted and hopefully put in jail.

That also goes for certain religious groups, as well, who in my opinion, practice medicine without a license, as it were. Of course this was a very delicate political matter in Sacramento. I know the legislation that was eventually passed had to be drafted and redrafted and redrafted and redrafted to meet the objections of these special interest groups.

Morris: Non-medical groups.

Claycombe: Non-medical groups, but it was not politically expedient to do anything to antagonize them, and I think you know the particular group I am referring to.

As today, people are always very careful in what they say in regard to birth control, as they feel that if they want to be successful they dare not antagonize the Roman Catholic Church. The same care and scrutiny, and writing and rewriting of drafts and what not takes place today in drafting





Claycombe: legislation having to do with birth control.

Morris: This is undoubtedly the case. Did you continue your contacts with Malcolm Merrill? The other thing I'm interested in is the development of the State Department of Public Health.

Claycombe: Yes, until he retired. Russ Lee and members of the medical profession and others could speak with authority on the development of the Department of Public Health. I only know that, as a lay person, and being sort of on the sidelines, as it were, from everything I heard, it was generally recognized that Merrill did an outstanding job. After he became Director of Public Health for the state of California.....

Morris: He was the deputy director, while Warren was governor, and there were many, many changes in the Department of Public Health.

Claycombe: Well, I am certain that Malcolm would have worked very well with Warren. But I am not personally acquainted with the specific changes that were brought about.

#### Palo Alto Medical Clinic

Morris: OK. Let's go back to Warren and the medical profession. You said that you helped to write some of the first prepaid plans in private...

Claycombe: No. In the mid-thirties or late thirties, when Dr. Lee and I were involved with the American Society for the Control of Venereal Diseases program, we took frequent trips together to Sacramento. Dr. Lee and I would discuss various subjects, and then in the late thirties he outlined in detail his concept of a group practice clinic--almost a blueprint of what was to become the Palo Alto Clinic--which over the years, he and his colleagues at the clinic accomplished. It became a reality. This man Dr. Lee does not have hindsight. He has foresight.

Dr. Lee was the one individual who had this foresight and who had the drive and had the determination and the ability to influence others to make



Claycombe: the Palo Alto Clinic possible. Today, it is one of the largest and most prestigious group practice setups in the United States.

Later on, after the Warren years and after the study for the senate committee, while I was with the Palo Alto Clinic, prepaid plans at the clinic were not really prepaid medical plans in the insurance meaning of the word, but economical plans providing really comprehensive coverage were set up for Stanford University, i.e. for all the faculty and employees of Stanford University. I worked those out with the Stanford administration, with an elected committee representing the faculty of Stanford, I think mostly faculty--maybe faculty and employees.

Then Russ Lee was interested in taking on the elderly people, the members of the Masonic home in Decoto, California--which the clinic did, not only to provide a needed service but to further the MDs' knowledge of geriatrics. He is very generous. As far as medicine is concerned, in my opinion, Dr. Lee and the Palo Alto Medical Clinic are just above reproach. Other doctors in solo practice talk about free care and how much they contribute. I did know for a fact when I was a member of the clinic's executive staff how much the doctors of the Palo Alto Medical Clinic do contribute and have contributed over the years in free medical care to the medically indigent. It was of a size and an order that more than likely would have brought criticism from certain sectors of official medicine, who'd have said, "Well, you shouldn't be doing so much for free."

But Russ was interested in geriatrics, he felt that these elderly people, more or less isolated as they are (not that there is anything wrong with the home at Decoto, but Decoto at least in those days, sort of sat out there in nowhere between Oakland and Fremont. I can't even think of Fremont as being anything but a crossroad or a sort of wide place in the road. Now it's a big city.) Russ wanted to provide these people with high quality medical care. He wanted to do it at a cost that would make the project possible and he also was interested in exposing his own group of physicians and others to the problems of geriatrics. He was interested in the problems of aging. Not that the





Claycombe: doctors practicing at the Palo Alto Clinic weren't working hard enough already, and hadn't any time to concentrate on research--but nevertheless I think it was a good idea and they worked out a very favorable plan as far as the Decoto Masonic group was concerned.

### Earl Warren's Medical Bills

Morris: Could we go back now to when you first met Earl Warren?

Claycombe: I don't really remember, but I do remember talking with him about health insurance at a conference of western governors. I know it was in Portland, Oregon. I think it was around 1945 or '46. I was with a program to secure private funds for the starving children of Europe to be distributed through the United Nations, which was the predecessor to the UN Children's Emergency Fund which was just being set up. I was doing the public relations work in seven or eleven (I always get these two figures mixed up) western states to get this program publicized and underway. I asked to be invited to appear before the governors at their meeting in Portland, and subsequently I met individually with the governors in Oregon, Washington, Idaho, Montana, and Utah...

Morris: Each in their own state?

Claycombe: Yes. But I did appear before the Western Governors' Conference in Portland. It was in regards to the Emergency Fund, the forerunner of the United Nations Children's Emergency Fund. So I must have met Warren before then because he--I didn't walk into his bedroom or into his hotel room uninvited-- [Chuckles]...we were alone in his hotel room and it was at the Benson or Multnomah Hotel (one or the other). Think we were having a drink together. Even at that time there had been considerable publicity given to Warren's views regarding the prepayment of medical care and the need for some type of universal medical insurance. His principal interest was in seeing that families were protected, as far as catastrophic illnesses were concerned.

I more or less popped the question to him in the hotel room, "Governor, being a Republican and





Claycombe: knowing that official medicine and a majority of the physicians in the state of California are Republicans, why do you as a Republican take this particular stand, as far as prepayment of medical care is concerned?"

He replied to me that this was with him a personal matter, that he himself and his family had gone through this personal experience and he related how, when he was District Attorney for Alameda County, either his mother or his father had been taken with an illness over a prolonged period of time...

Morris: His mother is reported to have had serious eye trouble, would this have been it?

Claycombe: Well, I don't know whether it was his father or his mother. I don't know whether they were cured or whether he or she finally died or what. But Governor Warren said that when it was all over, or words to that effect, "I was saddled with medical and hospital bills amounting to..." and here I am not quite certain, eight or nine thousand dollars. His point was that at that time he was District Attorney of Alameda County and in his own right he was more or less well-known. He felt that he was well paid (I believe he mentioned \$400 a month, which today seems ridiculous, but maybe that was the salary of the District Attorney in Alameda County in the twenties). In any case, he told me, "Gordon, we sacrificed in order to pay off that medical bill and it took us years to do it. So I always felt that if this could happen to me and my family, it could happen to other people in a less favorable position." End of quote, more or less.

Being a former reporter, I have pretty good recall, but you can ask Earl Warren to check on that. [Laughter] I don't want to put words in his mouth, but that is the essence of what he said.



Senator Byrl Salsman

Morris: Did he remember this conversation and ask you to come to be staff on the Senate Interim Committee on Health Care?

Claycombe: No, that came about in an entirely different way. This came about thanks to Russ Lee. Dr. Lee phoned me in Berkeley, where I was living at the time, and asked if I'd come down to Palo Alto some evening. He wanted me to meet with Senator Byrl Salsman.

Morris: Salsman was from San Jose?

Claycombe: No, Salsman, I believe, lived in Palo Alto at that time. Dr. Lee said that Senator Salsman had a project that he thought would be of great interest to me and asked if I would come down and discuss it with them. That's all the briefing I had prior to the discussion that followed. I met with Russ and Byrl Salsman at Russ's home on Gerona Road on the Stanford campus.

Senator Salsman outlined, more or less, the charge that had been made to his committee in undertaking this study. He asked--well, he didn't ask me outright, he sounded me out--for information regarding my background, my interest in the subject; and I think he was trying to make certain that I didn't have preconceived ideas of what should be done.

I had never undertaken such a task before. I had never been associated with any type of prepayment plan. My sole medical interest was in the group practice of medicine, that Russ Lee had actually acquainted me with. This was my primary medical interest. I would have given my right arm--then and now--to have been able to organize and set-up group practice clinics, based on hospitals and so forth and so on, in rural communities and in the cities.

Morris: Did you get any feeling from Byrl Salsman of his ideas?

Claycombe: No, that evening and during my entire association with Senator Salsman, he didn't try to influence me one way or the other. He's a man of great integrity.





Morris: Did he set a framework for you of how this study had come to be?

Claycombe: No, no...well, yes he did in a way because heading up the staff of a legislative committee was complete Greek to me. I had never been associated with any government agency in any capacity. He rattled off some Assembly Bill No. so-and-so and Senate Bill so-and-so...

Morris: From a previous year?

Claycombe: Yes, or whenever this committee had been established.

Incidentally, there was an Assembly Committee study then, too. This may sound completely foolish, but one of the objectives, I believe, at the time, was that we undertake independent studies. This wasn't, I don't believe, a case of the left hand not knowing what the right hand was doing, but was more or less directed towards our working independently and without being influenced or talking with, or conferring with, or exchanging information with...

Morris: To see if different lines brought up the same information. That's interesting. It makes sense.

Claycombe: I do not say that this was a charge upon me, but I think that Senator Salsman's inferences were that his Senate Interim Committee had been set up to make an independent study. It had a relatively limited amount of money available for the study. It had to be completed within...you're a better authority than I am...[Laughter]

Morris: Less than a year.

Claycombe: I think it was less than a year--ten months to a year.

One reason I think that Russ Lee thought of me was not only because of my interest in medicine, in general, and my public relations background, but when I was in Vienna, through Professor Neurath, I became very interested in pictorial statistics, i.e. in presenting information in a graphic, pictorial visual form. We used this technique very effectively in presenting the statistics relative to our campaign regarding syphilis throughout the United States as I've already related to you.





Claycombe: I think Russ recalled my interest in pictorial statistics and the work I had done in my own company called "Facts Institute" in San Francisco. It was set up to do nothing but that type of work, but it was knocked into a cocked-hat and I went bankrupt [laughter] at the beginning of World War II.

I started my business with a grand idea and good contacts and everything but at the wrong time.

Morris: Did you have more than this one preliminary session with Salsman?

Claycombe: I believe there were other meetings I must have had with Senator Salsman before I actually took on the assignment.

Now in hindsight, it is my feeling that the study that was authorized for the Assembly to undertake, as well as the study to be made by the Senate Interim Committee, were political moves and were done with a sort of tongue-in-cheek attitude to sort of...well, as Nixon does today when he gets backed into an uncomfortable corner, he appoints a committee to study ways and means of extracting them.

### Union Concern for Medical Care

Morris: To postpone taking action?

Claycombe: Yes. You talk about pollution. That's like motherhood. Everyone rallies around the cause.

In California, we'd gone through the Upton Sinclair EPIC (End Poverty In California) campaign for the governorship of the state of California, followed by a reactionary Republican--Merriam, followed by a very popular, nice-appearing and I guess, relatively progressive Democrat, Culbert Olson. During all this time there was this stirring among the unions, the CIO--particularly the CIO. The Longshoreman's Union at that time, I don't think was affiliated with the CIO--maybe they were a part of the CIO.



Morris: No, that was Harry Bridges. He was doing his own thing. [Laughter]

Claycombe: Harry Bridges, yes. Years later I used to negotiate with some of the locals and knew the whole ILWU crowd.

There was public interest. Let's put it that way. There was a public demand. After World War II was over, and this comes almost at the same time as these studies, official medicine was attacking the Permanente Medical Plan. They were trying to drive them out of business. You know the history of the Permanente Foundation and Hospital.

At that time, they only had the one operation. That was in Oakland. It was headed by a Dr. Garfield. Certain medical groups--official medicine--did everything in their power to stop the Permanente Plan or the Kaiser Foundation from operating. This was a dirty fight. They wouldn't refer to Dr. Garfield as Dr. Garfield. They insisted on referring to him in print as "Dr. Garfinkel," which I think was his name before he changed it--an anti-Semitic type smear. They tried to make it impossible for Dr. Garfield and for the Permanente or Kaiser Foundation, whichever it was called in those days, to get qualified, high-quality medical practitioners on the staff. A veritable whispering campaign was carried on, particularly in northern California, around the Bay Area, against Kaiser, against Permanente.

The Longshoremen and the CIO, and possibly other labor unions, were very interested in seeing the Kaiser Plan and the Permanente Hospital Plan continued and it was really with their support that Garfield was able to get through this very critical period. But all I am trying to bring across to you is that medical care--the need for proper medical care, the prepayment of medical care--was very much in the news and talked about in those days. It may not have made headlines....

Morris: The man in the street...

Claycombe: Yes, the man on the street, and the union members. It was always part of the negotiations when we sat down to negotiate with Harry Bridges and Chili Duarte





Claycombe: and some of the others, you know, from the Longshoremen's or Warehousemen's Union--Chili Duarte and Paul Heide, Schmidt and Harry Bridges and so forth. They were all very interested in the prepayment of medical care concept...as was Walter Reuther and other national labor leaders.

Also this country wasn't, at that particular place in time, in too great shape, economically speaking. So in hindsight, I think that the studies were undertaken with the hope that they would possibly influence legislation to a certain degree, but with the knowledge before the studies were even started that regardless of what came out of the studies, nothing really dramatic was going to be done in connection with the recommendations made at that time.

Morris: But that there were possible increases that might be made in medical services?

Claycombe: Yes, I think there were. Through the studies and I think through public pressure, union demands and pressures and from the general public, there was a betterment in certain areas. They are always limited.

Morris: Was Warren aware of this practical reality, do you think?

Claycombe: That, I don't know. I had no contact with Governor Warren regarding the study and Senator Salsman and members of the committee exerted no influence or direction whatsoever in regard to the study.

#### Operations of Senate Interim Committee

Morris: On you?

Claycombe: On me. On me and my staff. So, after I was hired as research director, it was necessary for me to acquaint myself, more or less, with the problem, and gradually acquire the staff needed. As I say, I was only instructed to determine to the best of my ability the unmet medical needs then existing in the state of California and how they could best be





Claycombe: met through prepaid medical care, through what type of plan and so forth.

I've already given you the political background. For reasons which now I believe I know, but at that time I didn't understand, public hearings were not held.

Morris: The Assembly had held them the year before.

Claycombe: Possibly because the Assembly had held them the year previously the legislators didn't want a repetition of the same thing...the same old record. I know there was talk of holding meetings in Los Angeles, San Francisco, and Sacramento and so forth and so on. In any case, it was decided not to hold public meetings. That was not a decision that I had anything to do with. It was the decision of the committee.

#### Staff Research

In the meantime, however, I was proceeding to gather all the (and when I say I, I mean my staff, my team) information. We were searching for all the information we could acquire. We were interviewing all the people that we could possibly interview. When you read the list of all the people who were interviewed, and who made reports to us of conditions as they knew them to exist--you know, we talked to public health officials, we talked to grange officials, we talked to labor officials, we talked to members of the medical societies, we talked to doctors in private practice and governmental agencies, both state, city, county, etc--and the mass of material that had to be absorbed and condensed and digested was massive.

Well, unfortunately, as with Dr. Breslow, and his statistical studies regarding the effects of cigarette smoking, for many, many years you could only point to statistics. We, in turn, could only point to statistics to confirm the various unmet needs we uncovered. They weren't too hard to uncover. We could only do that through statistics, too, because of the lack of funds. We didn't have teams



Claycombe: and teams of interviewers. We weren't in a position to cover the state from the Mexican border to the Oregon border. So this mass of evidence was compiled through interviews, through writing to all these people who were in a position to know, in using public opinion surveys--both local, state-wide, national--and conferring with our colleagues in New York, who were also conducting a study at the same time.

In reality, all these various studies when they were completed said about the same thing. In just rereading some of these reports because I knew you were coming today, of course I couldn't read the five volumes, but even glancing through the preliminary report, to me it is interesting that the great study made by Dr. Ray Lyman Wilbur back in the mid-thirties, I believe, then and all the studies made subsequently, by the Assembly Committee, by our committee, by the New York Committee--all more or less say the same thing. The sad part is, the conditions are the same, practically, today. I don't think you'd need to make another study. [Sadly]

Nothing has changed. Things have just grown in size and in cost and in complexity. The problems are still there. I have to qualify that. Since the studies have been made, the Assembly and the Senate study, there has been a fantastic growth of voluntary, prepaid medical insurance--you know, Blue Cross, Blue Shield, Kaiser (look how Kaiser has grown and expanded throughout the years).

Morris: I think every commercial insurance company...

Claycombe: And commercial insurance companies. The only trouble is that they are not adequate. They do not take care of the problem. Possibly, no insurance ever will as such. You know the same way we have a deductible for our automobiles or automobile insurance would be too high? You start out with a fifty dollar deductible and you find that it is cheaper to insure yourself so you settle for a \$100 deductible and I know many wealthy people, who shouldn't ever have to worry about paying any medical bill, they have \$500 deductibles--where they pay the first \$500.





- Morris: You said that all the studies came up with the same kinds of conclusions. Is this in terms of cost or is this in terms of the number of people served or kinds of illnesses?
- Claycombe: Yes, basically the same findings. I mean, the unmet needs, the lack of anything verging on comprehensive prepaid care for the ill, the terrible financial situation which faces people who are not medically indigent, who are just above the, what is it?--subsistence level? Who don't qualify for free medical care...
- Morris: This is the medically indigent. You can meet your own day-to-day housing and food bills, but you can't pay your medical bills.
- Claycombe: Yes, but the trouble is with so many of these things, that then you are not indigent! They can come in and take your house away from you, or in the old days, garnishee your wages, or whatnot. They can collect their bills and strip the person or family who has experienced a "catastrophic" illness of everything they have worked for--saved--and own.
- Morris: Did you get documentation of this kind of thing happening to people?
- Claycombe: Oh, a lot of evidence like that, yes. Of course that doesn't happen so much any more. All I am trying to say is that the medical plans that are available are still inadequate. Everything else has remained the same. If you saw the television documentary "Hospital," the other night on KQED--this is what the big city charity hospital is like. I was associated with one in Los Angeles when I was with the USC School of Medicine, Los Angeles County Hospital. But the people there, in spite of lack of facilities and rooms and taking care of people in hallways, and so forth and so on, receive excellent medical care. Good doctors, the best of equipment and so forth and so on are available for the care of the indigent.

But you can earn just \$100 more than the minimum so that you are not medically indigent and you don't qualify to go into the county hospital. You are not a charity case. So for the little man and for the middle class, hit by what Governor Warren experienced, a "catastrophic" illness, it is still a problem.





## Progress Reports

Morris: How did the senators on the committee respond when you brought in your charts and your material?

Claycombe: First of all, we didn't have too many meetings of the full committee. I don't recall that there was any dissention on the committee. Byrl Salsman was always present, interested, cooperative, and gave real leadership to the committee. I primarily worked through Byrl Salsman when I had to have contact with the committee or members of the committee.

We did hold meetings, I can't remember how often, to discuss problems, progress and what had been accomplished to date, and so forth and so on. At the end of our deliberations, I mean the end of our research work, each member of the committee was furnished with the four or five volumes making up the study, which I am certain no member of the committee read.

Prior to the completion of the study, we put out this preliminary report.

## Prepaid Plan Costs

[Handles report] Here is the kind of thing we did comparing existing prepayment plans, that I thought was quite interesting. It wasn't done by the other studies or in New York.

We took each prepayment plan that existed at that time in California and actually established the real amount of services each provided to the subscriber, spouse and dependents. You'll notice that this Line 2 here, the solid black line, is an evaluation, a weighted evaluation of each of these plans as to how much medical services they actually provided to the subscriber, assuming a man and his wife and two children and the actual cost of each plan to the enrollee.

Here for example [pointing], if you just measure it like a bar chart, it extends from here



Claycombe: up to there. This plan, I don't even know which one it is--Health Service System of San Francisco--was at that time one of the most generous ones. [Again pointing] The total of services covered extended to the subscriber and dependents extended clear up to here.

This bar over here by comparison, C and H Employees Mutual with all respect to the C and H Sugar Company of Crockett and Hawaii, doesn't measure a half inch in length!

Morris: What are the other two bars?

Claycombe: Well, this particular bar shows whether lab, X-ray, drugs and hospital are available; whether the plan pays for these services, whether hospitals covered surgery, whether full care is covered, whether surgical and medical care and so forth and so on are covered for the subscriber, his wife and dependent children. At that time this particular plan, which was the California Physicians Service--which incidentally, just for the record, was brought into existence as a "backfire," as a counterfire to the increasing pressures for a universal prepayment plan of medical care in California. You know, you stop a forest fire by starting another fire. This plan was brought into existence by "official medicine" to fight the political situation and to forestall the passage of state legislation calling for state-wide prepaid medical insurance and they didn't expect it to succeed. I think they were very surprised when it did succeed. They didn't set it up with that in mind; this was lip service, to get the medical profession off-the-hook. To say; to the public, "Look, we're doing something!"

Morris: So that they wouldn't get any kind of state-supported plan.

Claycombe: So-called "socialized" or "compulsory" or whatever you want to call it, health insurance.

So that's rather interesting in its way. Of course at that time there weren't too many plans, I think we covered all of them.

[Pointing to charts.] The third chart shows the premium. The first case was \$7.95 and that was





Claycombe: it for a family of four, but only so much service to the entire family. This one was \$5.50, with only that much service. This one that gave rather good coverage--that's San Francisco again--that was \$9.50.

Morris: Is this premiums per month?

Claycombe: Yes, per month. Then it goes down to \$2, so maybe you can excuse C and H Sugar. It is only \$1.80 per month--to the employee. Now, I don't know if the company contributed anything to that plan or not.

Morris: The variation in premium was in relation to the amount of service?

Claycombe: Yes. The French Hospital had a plan at that time. Here's another one. Now, this one is sort of an industrial insurance set-up, Callison and Staff in San Francisco, one of the pioneers in the industrial health field. This plan--the Ross-Loos Medical Group, which is still operating in Los Angeles--is basically an insurance type of clinic for subscribers. It is not like Dr. Lee's Palo Alto Medical Clinic, where the prepaid insurance subscribers covered are only incidental...

Morris: It existed first as a private medical service?

Claycombe: Yes. It still is a group practice clinic, or in the throes of trying to become one, as I tell Russ. That is one job he's left unfinished, to make it a real group practice clinic, in the true sense of the word.

Morris: Why has the evolutionary process taken so long?

Claycombe: Oh, I don't know. I thought a few funerals and retirements at the clinic would bring about the ideal, because young doctors are trained in group practice. They go through medical school--that's a group practice situation. Then most of our young physicians go into the Army and Navy, that again is group practice medicine. While they are taking their internship and their residency, which practically all doctors take today, they work together as a team in a group practice situation. They can consult with each other--they can go down





Claycombe: the hall and confer with the radiologist and with the head of laboratory medicine, with the cardiologist, consult with someone else if they think they're dealing with a neurological problem; an internist may inquire of certain of his colleagues, "He's got all these symptoms, what do you think?"

### Private Sector Moves Slowly

Morris: I wanted to go back a minute to your comment about the California Physicians Service being started to forestall...

Claycombe: That is my personal opinion.

Morris: Well, this has been expressed by other people. I wondered if you think...

Claycombe: An old friend of mine headed it up--"Red" Larsen, "Swede" Larsen, I forget his nickname. He's a great guy and he's still around. But it is my opinion, that's my feeling, that it was started as a backfire to the drive by Culbert Olson and others to bring about compulsory prepaid medical insurance in California.

Morris: Well, in this sense then, the repeated efforts of the California governor, whoever he was, and has been, and the legislature, to get action in the field of better medical care has prompted additional efforts by the medical profession and the insurance companies.

Claycombe: Yes, I think the success of Permanente, the attitude of official medicine, while I am not too close to the picture right now, it is my understanding that slowly but surely (and the AMA moves in a very slow manner) it is coming about...

You know, a few years ago when I talked about the benefits of group practice--wherever I could find a listener, an audience--there wasn't a group practice clinic in San Francisco, not in Alameda, Contra Costa, Marin or Sonoma counties.



- Morris: The point that I'd like to pursue is the business of governmental efforts talking insurance and the medical professions into broadening out their services.
- Claycombe: You can see that the attitudes are slowly changing. There has been progress but in my opinion, it has been minute. It has been very, very slow. There has been, at least, a rapid growth in the number of people with partial coverage, through prepayment of medical insurance. They may be enrolled in an insurance company, they may be enrolled in CPS or Blue Cross or Blue Shield, or what have you. But the problems still exist. It certainly is a great relief to people to have some insurance--whether it pays 80% of some bills--they still don't pay for a lot of the procedures. I am on Blue Cross, and have a \$100 deductible but you should see the bills that I pay for physician services, medicines and X-ray, lab. [Laughter]
- Morris: This is true. And dental care is not covered.
- Claycombe: Well, dental care is another problem. I wouldn't want to get into that, because I am on the Task Force for Health in Palo Alto and I talked to a dentist member...
- Morris: Whose Task Force?
- Claycombe: John Gardner's. I talked with this dentist and the problem is staggering in this country, the dental problem. We didn't go into that in detail, just sort of in passing. We [laughs] had to exclude something.
- Morris: Well, some of the early plans, like the CIO plan in the 1945 legislature, were very complete. That one included preventive care and dental care.
- Claycombe: Well, flouride does that now, you know. It's a dirty word with some people.



## Hospital Survey

Morris: Another thing that was going on at this time was a hospital survey. In 1946, Washington passed the Hill-Burton Act which required that every state make a survey of hospital facilities. Dr. Philip Gilman, who was president-elect of the California Medical Association in 1945, headed the survey for the State Department of Public Health.

I wondered if you had any contact with this, because their charge and thinking would be interesting in light of how medical care developed.

Claycombe: Well, his name is familiar to me. I know that we did a very thorough job or more or less establishing the number of hospital beds available, and the types of beds and the types of hospitals, private or voluntary and so on.

I only recall Dr. Gilman by name. I can't remember that I had any personal contact with him. We mention here, there are two pages, single-typed, [laughter] of acknowledgements to people.

Morris: The report of the Assembly health study said that plans for comprehensive health insurance should wait until Gilman's survey results were available.

Claycombe: Then he would have been working after us.

Morris: His committee had only begun work as yours was finishing. Your report was presented to the legislature on January 15, 1947.

Claycombe: That was when they came back into session. That was the first and last time it was on the floor of the Senate. The report was voted down by the committee, and was never heard of since. [Laughter]





### Senator Breed's Minority Report

Morris: Did you go up to the legislature and watch what was going on during that session out of interest as to what happened to the report?

Claycombe: As I recall, and I am not being critical of anyone, I didn't even know it was going to be presented. The first thing I knew, I read a blast against me in the Oakland Tribune, authored by Arthur Breed, Jr., Senator Arthur Breed, Jr., from Alameda County.

Morris: He was on the committee.

Claycombe: No, he was not on the committee.

Morris: He was, too.

Claycombe: When was he added? [Remembering] Oh, sure, yes, Arthur Breed. Excuse me, he filed the minority report. My, but that lapse of memory on my part about Breed was a classical Freudian slip of tongue and memory. Breed was from Alameda County and he tried to be kind to me by saying that he thought that I was looking at the problem through "rose-colored glasses," undoubtedly furnished to pure and good Gordon Claycombe by members of his staff. But Arthur didn't know me very well. I am not easily taken in by so-called "pinkos" or members of the Communist party or fellow travellers.

He issued the minority report. He was against our recommendations. They weren't the recommendations of the staff. They were the committee's. We completed our work up to the recommendations, which you'll notice here from this table of contents. We covered the Introduction and History, Acknowledgments, "California Social and Economic Background. Section Two, Health, Sickness, Disability, Mortality; Section Three, the Receipt of Medical Care." This was, you know, the provision of medical care to the various categories of people in various geographic areas. "Expenditures for Medical Care," how much was actually being expended for medical care at the time. "The Present Unmet Medical Needs in California, Demand for a System of Prepaid Medical Care, Present Status of Prepaid Medical



Claycombe: Care Plans in California"--that's where I showed you the charts, "An Analysis..." we made an analysis of possible costs. "Recent Proposals"--they had to do with the proposals of the CIO and Governor Warren. And we pointed out the cost per individual of enrollment would be \$30 to \$40 per person, that this would amount to \$100 and some million dollars a year cost, if the state assumed the administrative cost.

### Analysis of Proposed Costs

The cost would be up to \$200,000,000 if the plan were implemented on a fee for service basis. In other words, if a doctor charged his standard fee for services, the costs would go from \$100 and some million to \$200,000,000.

We were figuring on a 3.5% tax, I think, to implement these plans. We pointed out then what they are finding out today, namely, that you cannot allow doctors to charge on an individual fee-for-service basis without wrecking an insurance plan. Look what is happening in Washington.

Morris: The Assembly Committee pointed out that administrative costs could get out of hand. It was not said, but there was the implication that all medical care was not of the same quality....

Claycombe: Well, it's not!

Morris: ...and doctor's insurance companies tended to make money off these plans.

Claycombe: Well, for example, I know for a fact that insurance companies or governmental agencies, whomever are involved, do not question...well, hardly ever question, the statements submitted by a Palo Alto Medical Clinic or Ross-Loos Medical Clinic, or for that matter, any major group practice clinic, because the doctor, basically, has very little to do with the billing procedures, the financial end. That is all handled by dozens or hundreds of people involved in the business office in billing, collections, what have you. Standard fees are charged and they go out, whatever the agreement is, whether





Claycombe: it is an insurance case or the bills I personally receive from the Palo Alto Medical Clinic.

But then there's the doctor in solo practice (you see the medical profession has never really gotten around to cracking down on their own chisellers), the doctor who does unnecessary operations. You know, he has a quiet month and his overhead goes on, and his secretary and receptionist and nurse have to be paid and his wife wants a new mink coat or he wants a Cadillac. So he does a few additional appendectomies or hysterectomies, you name it. Of course, I am referring to a very small group--a miniscule minority of our physicians--but I think there are corrupt doctors who should be disciplined and if necessary weeded out of the profession. They are certainly in the minority; and I am not trying to be cagy, but the ones who padded their bills and who put in for patients who are living in Mexico or patients who are dead and patients whom they haven't seen for a long time. This is sheer fraud!

On a per capita basis under AB 800, i.e. on a per capita method of paying physicians, it would have cost \$144,000,000. At the current, this is 1946, individual fee-for-service rates, it would have cost \$192,000,000. Under AB 449, which was a bill which included dependents up to the age of 21, the cost went up from \$150,000,000 to \$200,000,000. Of course the capitation basis of allowing doctors to carry so many people on their rolls as patients and whatnot is the least expensive way of providing essential medical services. Other proposals made cost up to over \$220,000,000.

#### Committee Discussions

Morris: Where did you do the research? Were you up there in Sacramento?

Claycombe: My business offices for myself and staff were located in Oakland but I also spent considerable time in Sacramento. You'll find, in looking through the preliminary report, in connection with each section, that there is a statement, "The committee





Claycombe: finds." Well, these statements were drafted following a meeting of the committee. In general I'd present the material, and of course, they'd have the data under study in writing prior to the meeting. (I say "I" because the committee preferred to meet with me alone, rather than to have a lot of confusing discussion coming from different people. Although on more than one occasion I took others in with me.)

I'd answer questions and discuss each phase of the material with them. Then more or less in line with their thinking, I don't take shorthand, I would draft a statement as to their findings. These are the findings recorded in the preliminary report and the study itself. The fact is, I think findings I wrote up following each meeting of the committee were presented in writing to the committee in regards to each section. Then they were either approved or disapproved or additions or deletions were made according to the wishes of the majority.

Morris: Yes, it is hard to phrase these while talking in a committee room.

Claycombe: If there were changes, I made notes of them and the recommendations or findings were changed. Of course, there were many additions to that [referring to report]. Even this is still a rough draft.

Morris: So that they did comment and discuss each section as it came along?

Claycombe: Yes.

Morris: Do you remember any of the kinds of things that they said? We've got Chris Jesperson from Atascadero, and Jack Shelley from San Francisco.

Claycombe: Yes, Jack, yes. He was on the committee and Arthur. Of course, Jack was sympathetic to the idea. I first met him when he was an organizer for the delivery truck drivers--bakery or laundry drivers--I forget which group he represented. He may have organized the bakery, milk, or laundry drivers and deliverymen. So he had the labor point of view. Breed was the conservative member of the committee. I think I had more exchanges with Art than with any one else. The two other members, Jesperson



Claycombe: and Louis Sutton, if I remember correctly, were both from rural areas. They were very sympathetic and understanding. Without talking down about anyone, parts of the study and subsequent discussion were completely over their heads. However, they were practical down-to-earth men who would ask pertinent questions, in their own way, saying, "Well, now does this mean...?"

They knew there was a shortage of doctors in rural areas. They knew there was a shortage of hospitals in rural areas. They knew there was a shortage of specialists or a place to refer patients to in rural areas. So they might take the content of all the lengthy studies which had been prepared and then they'd sort of boil the material down to a common sense statement--"Gordon, what you are saying is that we need more hospitals and so, and so..." or "We'll have a medical center."

But Breed's objections were different. In fact, his minority report didn't sound like Breed, so we presumed that it was written in the legal offices of the CMA. Some years later in Sacramento I joshed with "Hap" Hassard about this and got the impression that we weren't too far off in our presumption. He was the attorney for the California Medical Association. Later on I worked with him in Sacramento on other legislative issues of interest to the medical profession, etc.

Morris: "Hap" Hassard? Was that his real name?

Claycombe: Howard Hassard, he's an attorney in San Francisco. Anyway, one time when we were having cocktails together in Sacramento, I asked him if copies of the periodic reports I made to the committee weren't almost immediately delivered to the offices of the California Medical Association. The question was asked in a light vein and while "Hap" didn't confirm or deny my allegation, I still felt that my hunch was right.

Other members of the committee, even though they weren't going to vote for the health insurance recommendations, were concerned about the lack of professional services available to their constituency. Particularly, they wanted rural communities and farm families to have quality medical services and facilities available.





Claycombe: What I would like to get back to is that you should never be confused by titles like "medical center." All over the United States there are buildings, "real estate" if you will, called medical centers, medical clinics, medical this, that and the other thing. Very often they are nothing but leased office space occupied by dentists, doctors, pharmacies, commercial laboratories, radiologists and what have you.

Morris: That's true. It's a good point to remember.

Claycombe: A lot of people look upon any conglomeration of doctors, in the practice of medicine, as being a medical group and that isn't necessarily so. There has to be a unified group practice clinic under a board of directors composed of the physicians themselves, and with a program and practicing together as a team, such as the Russ Lee group and Permanente who are doing an excellent job in this field, too.

I did some lobbying on that once, too. This thing came out of the blue. A move directed against group practice clinics. I don't know who sponsored it, but I have my suspicions. It was ostensibly directed against group practice medical clinics in general, however, I believe the specific target of the legislation was the Permanente and Kaiser group practice clinics. The legislation would have made it illegal for any group of physicians to practice medicine under a fictitious name such as the "Palo Alto Clinic." It meant every partner would have to have been named in the title. The clinic at that time had around 85 members and about 60 of them were partners. You can imagine how impossible it would have made things.

I went to Sacramento and I stayed up all night preparing arguments and the case I'd present against this proposed legislation on behalf of all the medical clinics. I contacted clinics all over the state by phone to let them know what was going on. The people who wrote the bill were trying to pretend that this was to protect the public; and maybe this was a valid point in some instances. Anyway, we got the legislation stopped by means of a substitute bill that allowed us to insert the name "medical" before "clinic." Years later, even this requirement was set aside.





Claycombe: The legislation may have been primarily directed against Kaiser-Permanente and their group practice clinics. It has always been required that individual physicians and/or physician-partners practice medicine as individuals so that they may be held responsible for the medical and surgical services they render to their patients.

Morris: Going back to the Senate Interim Committee. Did the members disagree with the facts, were they interested in the information about medical services, and people's comments?

Claycombe: You know, I don't want to pad this interview--you know, say something just to be saying something, but our meetings were always amicable, and very friendly. I always felt that I was making a progress report. As I recall there was a minimum of discussion or questioning. They would ask certain questions, which at this point of time I can't recall. And then we'd break up, until we met again.

I think there was complete reliance on the committee's part in our digging out whatever facts could be found.

Morris: They accepted your work as professionals?

Claycombe: Yes. They were occupied with other things. Dr. Lee, while he didn't do the research or any work of that kind, was present at all of the committee meetings. So that they knew that they had a person well-versed in medicine listening to what was being said, and in a position to agree or disagree, if he so desired.

As you may have noted from the report, during the course of the study, Russ Lee and I went to New York and talked with the people in New York and talked with private insurance companies in New York, and the actuaries of some of the major insurance companies. [We] also went to Washington, D.C. and here again, we met with individuals at the National Institute of Health in Bethesda, and with the heads and key personnel of government agencies in Washington, D.C. All of these meetings and interviews had to do with the problem under study. Where we had specific questions to ask or needed statistical information and so on, it was made available to us. We were well received everywhere.



Claycombe: Russ Lee and I were both offered jobs [laughing] while we were in the East.

Morris: What is interesting in researching the health insurance legislation is the amount of good, hard, solid information, all pointing in the same direction. That the medical care of the country was inadequate and that it affected productivity and public morale and whatnot. I find it fascinating that the medical association, through a publicity campaign, was able to stop it short.

### Medical Association Resistance

Claycombe: Well, they are very powerful. They have plenty of money to spend and they get all the doctors in solo practice to have official medicine's propaganda circulars, brochures, etc., in their waiting rooms. The doctors tell their patients, "You vote against so-and-so because that means the end...." I don't want to be misunderstood, but the greatest fiction in the world is this idea that the sacred relationship between doctor and patient is something that cannot be violated!

Of course, there should always be a close personal relationship between doctor and patient. Doctors keep in confidence what they learn from their patients. They should be concerned with them as individuals. But you ask the average individual, "How did you happen to select your doctor?" They'll say, "Gee, I don't know. Some friend told me about him." I had one man tell me a taxicab driver told him. He said, [Laughing] "Where is there a doctor?" No, not an emergency just that he could go to for a checkup. "Is there a doctor around in this area," "Yeah, Dr. So-and-So practices up here."

You know, if you walk into the Palo Alto Medical Clinic or Kaiser or to Ross-Loos, I don't want to name them all, but any reputable, qualified group practice clinic--you know that, with very, very few exceptions, the doctors have been carefully screened before they were even invited to join the group. Generally, physicians are on a probationary period for a year before they are accepted into partnership or are put on a salary or made head of



Claycombe: a department or whatnot, like in Permanente, in Kaiser.

There are doctors who welcome this. They don't have to worry about their patients when they are on vacation. If they are ill, they don't have to be concerned about their practice and what's happening to their patients. At the Palo Alto Clinic they get a sabbatical every five years to refresh themselves in their studies, and you have to realize that today when a person graduates from medical school, in ten years everything that he has learned is out-of-date, obsolete. This is the great problem for doctors in the practice of medicine--particularly, busy, successful doctors--namely to keep abreast of the rapid changes and advances being made in their own specialty. No wonder the practice of medicine is the frightening responsibility that it is. This is the case with most professions today. Law, you name it, engineering, so forth--everything is highly specialized.

We surveyed all the medical students in the state of California. I think we found 60 or 70 per cent of them, at that time, wanted to go into a group practice situation. But what I started to say earlier was, that in talking with doctors, "Why don't you set up a group practice in San Francisco or Berkeley, Oakland or Alameda?", the answer was "You mean you want me to have the California Medical Association, the County Medical Society and the AMA on my back, or breathing down my throat?"

Morris: This is interesting.

Claycombe: You see, Russ Lee and men like him, had the courage to stand up and take on "official medicine," which few doctors have.

I have had some of them tell me, "I am not a Russ Lee. I am a little doctor. I am doing very well over here in Berkeley. I have a nice medical building on Allston Way, you know. I am doing all right. I am making plenty of money. I have a good practice. Why should I fight the powers that be"--you know, that sort of negative reaction.

Something happens. It's like with children going to school. When they are little, they can't





Claycombe: wait to get to school then, somewhere along the way (and it's tragic that this happens) they have to do this, they have to read a book or they have to prepare a paper. The great and exciting adventure of learning and gaining knowledge comes to an end, tragically so.

So 60 and 70 per cent of the students we surveyed then, graduating from medical school, wanted to go into a group practice situation. But how few did? They marry. Wives play a great role in a doctor's practice, you know. You have to sacrifice, you have to give up something. I can't think of any group of doctors that work as hard as those in most of these group practice clinics. Individually, most of them could undoubtedly make more money for themselves in solo practice. In a group situation, a surgeon who makes maybe close to a couple of hundred thousand dollars a year, most of which will go to Uncle Sam anyhow, only receives a reasonable return for his services. The surplus he earns and contributes to the group's growth and welfare goes to hiring maybe a neurological surgeon or a neurologist, who perhaps can't pay his way but is a needed and valuable addition to the group. The group may pay one of these specialists more than he brings in for five, six, eight, ten years. Or getting an outstanding gastroenterologist, like Albert Snell from the Mayo Clinic, to come onto the staff. You can't meet the overhead of a doctor of that calibre with the usual office call charge of \$7.50 or whatever it was at that time.

### Legislative Lip Service

Morris: In the survey on the economic situation in California, would there have been other things that would have made it hard for the legislature to go ahead with medical insurance? In other words were there priorities that might have affected this?

Claycombe: Possibly there were other and more urgent priorities-- I can't recall. However, this was a very touchy political issue. Today, in retrospect, I believe that only lip service was given to our study



Claycombe: findings and the committee's recommendations. A minimum amount was accomplished, through these studies and through the agitation in the newspapers and from the unions.

Today, if Byrl Salsman, not just Byrl Salsman but the committee as such, told me that they wanted me to undertake a study of the medical needs and the possibilities of universal prepaid medical insurance--even if part of the function was not to sell this concept to the people of California and their representatives--I'd go about the assignment in an entirely different manner. There wouldn't be five volumes of stuffy statistical data and whatnot. The basic findings would be put in pictorial statistical form and graphic statistics and figures, which would be easily understood by the general public and their elected representatives.

Morris: By the legislators?

Claycombe: Yes. By the legislators and through the newspapers and through the media. Of course we didn't have television, but radio and the newspapers, magazines and what have you, to show people what could be done if they'd get behind such and such a legislative bill.

I think establishing the Senate Interim Committee to study and make recommendations on this subject was a gesture. I think it was undertaken not too fervently. I am not a politician. I know that Byrl Salsman is a man of integrity, but I think he was a realist. I think that he, and more than likely, the other members of the committee, knew, as politicians, that it would be impossible to get health insurance legislation through the Assembly and through the Senate. They are the realists, you see. I can be an idealist and say we ought to go out and do this or that. There was undoubtedly a political reason for this study being made and then, as far as I know, pigeonholed. This is the type of study [laughs] that is obsolete six months after it is completed.

Morris: Did you have any contact with Warren while you were working on this?

Claycombe: No. Warren had absolutely nothing to do with this study, except that it was done during the Warren



- Claycombe: administration. I say he had nothing to do with this, [but] he undoubtedly had conversations with Byrl Salsman. Byrl Salsman was in contact with the governor. But I personally, or members of my staff had no word, phone call, letter, meeting or any type of contact with Governor Warren.
- Morris: Because he had included health insurance in his state of the state message, at the beginning of the legislative session.
- Claycombe: That was part of his platform. I'm convinced of Governor Warren's dedication to achieving this goal. Of course, governors can aspire...
- Morris: 1947 was also the year of the big highway brouhaha. I wondered if the uproar over the highways was such that he maybe just plain ran out of energy and didn't push...
- Claycombe: Well, I would assume...you see, at the time I was very involved with what I was doing and working under pressure with a deadline to meet. Unfortunately, in retrospect, I now think I got too involved with all this detail. I think I should have paid more attention to what was going on in the legislature and after the major findings were in, concentrated more on putting the basic and supporting information together to make a case for health insurance.

Whitaker and Baxter, Inc.

- Morris: Were you aware of the Whitaker & Baxter campaign for the medical society against the legislation?
- Claycombe: No, I wasn't even aware of Whitaker & Baxter as a public relations outfit until several years later.

I do remember doctors around the Palo Alto Clinic being angry about the statements they read and heard attributed to the medical profession in material put out by Whitaker & Baxter. Russ Lee used to get furious and say, "The American Medical Association was originally organized to promote the advancement of medicine. What are they doing getting mixed up in this kind of politics?"





- Morris: Was this in regard to later health insurance legislation?
- Claycombe: Other things, too. What was that referendum where there were two things on the ballot. If you voted "No" on one, you were saying "Yes" to the other; and nobody could tell which one said what they wanted?
- Morris: Would that be the campaign against Proposition 14, The Fair Housing legislation, about 1964?
- Claycombe: That's the one. Well, all the physicians of my acquaintance would say, "That's not what I think at all," when they read what they were supposed to think according to the medical association news releases and publicity material put out by Whitaker & Baxter.

#### Lobbying Techniques

- Morris: Were you working with Dr. Lee then?
- Claycombe: Yes, I was with the Palo Alto Clinic. Another thing I lobbied on was for the Palo Alto Medical Research Foundation. This was a tax law that came up in the closing days of the legislature when so many things are piling up waiting for action. We managed to beat that one, too. This one affected all research foundations not directly associated with a medical school. It proposed a prohibitive tax.

You realize, of course, that when something involves income it becomes interesting to a number of people. It became a complicated fight, but we were just and right in our case, so we got it stopped.

It got so close to the end of the session, that we were writing revisions at night and taking them to the legislative counsel for approval, and then to individual members of the committee the next day. We ended up with something we could live with; Ira Lillick's law firm in San Francisco provided a sharp young attorney who drafted some



Claycombe: legal alternatives. And then we got them reviewed by the state's legislative counsel. I was the only one in Sacramento working on this matter until the hearings were held, then a lot of interested parties showed up. I got a lot of support on that one from Kaiser, and many others interested in furthering medical research in this state.

Morris: Were you registered as an official lobbyist for the Foundation?

Claycombe: No, I was never a registered lobbyist. I was a representative and spokesman for the Palo Alto Clinic and then for the Palo Alto Medical Research Foundation. I did this as part of my job.

Morris: What does lobbying involve?

Claycombe: Oh, I'd meet individually with committee members considering legislation I was concerned about before as well as after each hearings. Talk with them. Of course, most of these things have been decided before the committee meets to vote on them.

I'll tell you a story about that. Once when I was new at the game, I prepared a long presentation to make before an open committee hearing in favor of some legislation in which I was involved. I'd just gotten started on my presentation when the chairman rapped his gavel and asked the audience (there were quite a lot of people there) if anyone objected to the proposed legislation under discussion. Several individual spokesmen like the Taxpayers Association and the League of California Cities did have something to say. So the chairman let them speak. Then he said, "Anyone else?" There wasn't anyone else, so the chair moved that the bill be voted out of committee. That meant that it would pass.

I learned then that the best policy when things are going for you is to shut up.

Morris: How could you be sure it was going to pass?

Claycombe: A "do pass" recommendation from the committee holding hearings on a bill is generally tantamount to its being passed. You could see it happen in the legislature. While I was staffing the Interim



Claycombe: Committee, I used Byrl Salsman's office as a base when I was in Sacramento. We often had lunch together and met in the coffee shop in the state capitol building to discuss the study. One time, Salsman had the "courtesy of the floor" extended to me, so I sat with him during part of the Senate session. It really opened my eyes and gave me a lesson in practical politics.

Salsman would say, "You watch, Gordon. When they call the roll, some senators whose constituents have no possible interest in this bill will vote yes." Sure enough, the vote went just as he predicted. In Samish's days, that would have indicated which senators were "in his pocket," voting on things even when they or their constituents weren't involved in any way, manner, shape or form. It was just the way things were done.

It was just part of the way things were done. Another part of it was the kind of public statements made by legislators, like the time when Breed came out in the papers with his blast against the majority report of the Interim Committee health study.

I called Salsman and asked, "Do you want me to make a counter statement to Breed's allegations?" He must have said, "No," and that Breed's position was to be expected, because we didn't put out a response or refutation.

Breed was from Alameda County. He was looking out for the University of California; he also looked after the interests of the California Medical Association. His minority report alleged that I was supplied with information that was questionable, "pinko." Based on all the official sources we used: professional, medical, agricultural, business groups, non-political, non-partisan statistics and surveys; how one could call them "red," I simply can't understand. I question whether Breed read the complete report and reviewed our sources of factual information before he put out his dissenting statement.

I think this gives one more insight and understanding of what happened to health insurance legislation in California than any statement John Cline might make about the California Medical





Claycombe: Association's attitude or position at that time. He also says what he's told to say.

### Warren Dedicates Mission

Morris: Then after you completed the health needs study for the Senate, did you have any further contact with Earl Warren?

Claycombe: I didn't have any contact with Warren again until about 1948-49 when I helped to publicize the restoration of the San Antonio Mission. I got Governor Warren to speak at the dedication.

If you are interested in California history, San Antonio Mission is one place you ought to see... way off by itself in the valley of the oaks silhouetted against the Santa Lucia Mountains in the background.

Morris: Yes, it is a beautiful place.

Claycombe: It was a wonderful project to work on. We had a hard time finding people who still knew how to make adobe building blocks as they were made in Junipero Serra's time.

That reopening was quite something. I arranged a coast-to-coast broadcast of the dedication on one of the national networks. The narration was done by a man with a beautiful voice--Noel Sullivan, a prominent lay Catholic, musician and art lover--who'd given a large amount of money to build the Carmelite Mission near Carmel.

I went to stay with him at his home in the Carmel valley while I was writing the narration for the San Antonio dedication. It made a marvelous contrast for me--thinking about the old mission out in that hot, brown bare empty valley and his beautiful breezy place overlooking the Carmel countryside. The background music to accompany the narration I had written was to be sung by the young seminarian students at the Santa Barbara Mission. I flew from Noel's to the Santa Barbara Mission where with the help of a stopwatch I made a selection



Claycombe: from all or parts of old tunes from Indian times which they sang for me and which tied right in with the history of the mission and the narration I'd written. It was quite a change from the sophisticated and cosmopolitan environment of Noel's home, to the mission and being locked up in one of their "cells" and eating their simple food which was brought to me on a tray. I lost weight while I was there...I was always hungry but didn't want to lose face by asking for seconds.

Anyway, Governor Warren was there for the dedication. He spent most of the day at the mission. My little daughter kept climbing up onto his lap; he was very fatherly and warm with her, called her "Honey." She talked about it for a long while after; it really made an impression on her. He always gave off a very gentle and kindly impression.

And that was the last time I saw Earl Warren.

I have a motion picture I wrote and directed which tells the story of the mission and its restoration. It's been used by a number of TV stations. I used to have a recording of the radio broadcast of the dedication which was given to me by the network.

Morris: What a marvelous thing to have a record of.

Claycombe: By today's standards it isn't really a very good film, but it was made on a very low budget. I still have a copy--perhaps it's the only one still in existence. Of course the mission still isn't completely restored. We had a lot of support; we got \$50,000, that was the largest single gift, from William Randolph Hearst. But it still wasn't enough to restore the irrigation system or the winery.



SENATE INTERIM COMMITTEE  
On  
PREPAYMENT OF MEDICAL AND HOSPITAL CARE

(Created by Senate Resolutions 131 and 165, Statutes of 1945)

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In 1945, Public Opinion Polls (national, state and local) Found the American People Expressing Themselves as Follows:

The Opinion Research Corporation conducted national surveys in 1943 and 1945 for the "National Physicians' Committee For Extension of Medical Service" and utilized a nationwide staff of interviewers to talk to the people of the country.

77% of those interviewed said, "Yes, something could be done to make it easier for people to pay for doctor and hospital care".

(8% more people in 1945 as compared with 1943 answered this question affirmatively.)

64% preferred a "Pay-In-Advance" plan,

13% preferred a national insurance program.

The balance proposed various suggestions in varying percentages;

45% voted for a "government sponsored" plan,

43% preferred "non-governmental" sponsorship.

55% of those interviewed, in answer to the question, "Do you think the federal government plan would be a good thing or a bad thing for the nation as a whole?" expressed themselves as thinking it would be a good thing, and another

8% saw in it at least some possibility of good.

78% of the people informed on pre-payment plans preferred paying in advance to paying just when sick, while 51% of the rest of the public made this choice.



The Committee, in its studies, reviewed a referendum conducted by the Chamber of Commerce of the United States in 1944 (see "Health Insurance in America", Second National Conference on Social Security, sponsored by the U.S. Chamber of Commerce, January 1945) which revealed that:

90% of the membership felt that employers should explore the possibility of providing protection for their employees against disability and sickness.

94% felt that voluntary group effort to provide more adequate medical services for all the people should be urged.

92% felt that if public action is to be taken, it should be at the state and local levels rather than at the federal level.

And, in this referendum, 86% of the Chamber of Commerce membership expressed themselves in favor of the statement that "A Social Security program should provide a minimum layer of basic protection against the major economic hazards of life but should be so designed and administered as to encourage additional savings and self-protection by the individual through his own efforts". It is reasonable to assume that a portion of the "minimum layer of basic protection against the major economic hazards of life" recommended would include some protection against the hazards of poor health.

The Committee has found that the trend as expressed by the general public in national, state and local public opinion polls is further substantiated by a poll of "expert" opinion on medical care conducted, in 1944, by Arthur Kornhauser, Ph.D., of the Bureau of Applied Social Research, Columbia University, for the American Magazine.

Those who took part in the poll are men and women who have been studying the issues for years. More than half of them are physicians -- some in private practice, others in public health work, in hospitals, universities, industries and group health systems.



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John W. Cline, MD

CALIFORNIA MEDICAL ASSOCIATION CRUSADE  
AGAINST COMPULSORY STATE HEALTH INSURANCE

An Interview Conducted by  
Gabrielle Morris





John W. Cline, M.D.

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## INTERVIEW HISTORY

John M. Cline, MD, was interviewed by the Regional Oral History Office in order to document his role as a leader of the professional medical opposition to Earl Warren's effort to achieve passage of a state-administered health insurance program in California in 1944-7.

Interviewer: Gabrielle Morris, staff interviewer for the Regional Oral History Office, whose special area of research is the background and development of health care programs and legislation during the 1940s and 50s. Guidance on general questions from principal investigators of the Earl Warren Project.

Conduct of the Interview: A single interview was held on March 11, 1970, in Dr. Cline's office at 490 Post Street, San Francisco, where he continued in active practice until late 1970.

Editing of the transcribed taped interview was done by the interviewer. Dr. Cline reviewed the edited text, and corrected certain transcribing errors. Selected newspaper clippings related to health insurance legislation are included in the Earl Warren archive.

The Interview: John Cline at 72 was tall, forceful and competent, with a long and distinguished career as a surgeon specializing in cancer, as well as considerable expertise in medical politics and medical economics. Born in Santa Rosa, California, Dr. Cline attended UC Berkeley where he was student body president, and received his medical training at Harvard.

In this brief interview, Dr. Cline conveyed clearly the personal sense of affront which characterized the medical profession's response to Governor Warren's proposal for a state program of health insurance. Dr. Cline described vividly the negotiations between the California Medical Association and Warren in 1944 and 1945, including his feeling that





Warren did not have very clear-cut ideas on health insurance at an initial meeting in 1944. "His answers to the questions I asked him were not definite. He was very vague." What is definite is Dr. Cline's conviction that Warren agreed to wait to announce his proposed legislation until the CMA House of Delegates could discuss the matter. In another interview in this series, Judge Beach Vasey who accompanied the Governor to the meeting recalled no such agreement; and in Earl Warren: A Political Biography, Leo Katcher comments, "When Warren left that meeting, he believed he had the cooperation of the CMA and so told a number of aides."

By 1947, Dr. Cline was president of the CMA and again successfully blocked Warren's legislation. In 1950 he became president-elect of the American Medical Association and told its House of Delegates "the greatest mistake of English medicine was to accept a limited degree of socialization under the guise of government insurance in 1911." His position was that the medical profession was best qualified to "maintain improvement in the quality of medical care. We shall do more and do it in economically sound, orderly, evolutionary manner, devoid of false and fantastic promises so dear to the politicians... The future of medicine in this country might well hinge upon the outcome of the congressional elections in November." (S.F. Chronicle, June 30, 1950)

Dr. Cline raised this point in his interview, commenting that Warren's interest in health insurance legislation was related to his hopes for the Presidency. He also described the selection of the public relations firm of Whitaker & Baxter to handle the CMA campaign and later the national campaign. In telling of other medical legislative issues in which he has participated, Dr. Cline revealed a good understanding of political techniques.

In 1971 he was again leading a strong professional effort to retain funds in the



Department of Public Health budget for the tumor registry which was begun in Warren's administration. Also working on this effort were Lawrence Arnstein,\* for many years executive director of the American Social Hygiene Association, and Dr. Malcolm H. Merrill,\* former director of the State Department of Public Health. Dr. Cline and Dr. Merrill have both served on Arnstein's board of directors, together with other distinguished physicians in public service and private practice and an impressive array of publishers and philanthropists.

Gabrielle Morris, Interviewer  
Regional Oral History Office

29 March 1971  
486 The Bancroft Library  
University of California at Berkeley

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\*See Regional Oral History Office interviews: Lawrence Arnstein, Community Service in California: Public Health and Social Welfare, 1964; and Malcolm H. Merrill, M.D. M P H "A Director Reminiscences" in Earl Warren and the State Department of Public Health, 1971.



## STATE DEPARTMENT OF PUBLIC HEALTH

Morris: Was the state-supported health insurance issue your first contact with Earl Warren as governor?

Cline: No. The State Department of Public Health had been a political football, and a very ineffective organization. We made representations to the governor when he came into office that something should be done about it.

Morris: This would be early 1943.

Cline: Whether it was late '42 or early '43, I can't remember.

Warren asked us what we thought should be done about it. We said that a career-type of director of public health should be employed. Prior to that time, it had been a political appointment of the governor; and the last preceding governor had appointed his own personal physician, who knew very little about public health.

Morris: That would be Governor Olson?

Cline: Olson. He appointed a man by the name of Brown. I told you I would speak perfectly frankly--had I sought the state over for a more inappropriate public health officer, I don't believe I could have missed Dr. Brown.

Morris: You don't happen to remember his first name?\*

Cline: No, I don't remember his first name, but I was totally ashamed of him when I attended some of the early meetings of the civilian defense organization. Experts came out from Washington and we met protractedly. Then at the end of some of these meetings, Dr. Brown would

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\*Bertram





Cline: ask, "Well, what are we going to do about this?", which had been the subject of the discussion for hours! [Laughter]

This was something that the medical profession felt was totally inadequate. Of course, the director of the Department of Public Health had changed with every administration. There were many applications for the position. How the contact was made, I am not certain. But Dr. Philip K. Gilman, who was the chairman of the council at that time, was the one, I believe, who was responsible for the meeting.

The Governor said to us, substantially, "Well, you choose the director of public health," or, "Tell me whom to appoint," I presume, would be a better way to state it.

Morris: Make a recommendation?

#### Warren Appoints Dr. Halverson

Cline: Yes, make a recommendation. So, at a meeting with the governor, we recommended a Dr. Halverson from southern California. He was either Director of Health for Los Angeles County or Director of Health for the city of Pasadena--he was both, at different times. The Governor asked us if we would contact Dr. Halverson and see if he were willing to serve.

The directorship at that time was a very low-salaried job and had certain other disadvantages. Dr. Halverson said that under no circumstances would he accept it under the conditions which then existed. The Governor said there would be no problem in correcting these things. We ascertained from Dr. Halverson what he felt the minimum salary should be, and the other conditions that should be improved. The Governor agreed to improve those matters.



American Public Health Association

- Morris: Was this before or after the Public Health Association made a study of the whole Department of Public Health?
- Cline: This I can't tell you. I am not familiar with that study.
- Morris: That's interesting, because this is one of the questions I had, "Was the Medical Association responsible for that study being made?"
- Cline: I can't tell you whether it was or not. Probably not, I would say, because the American Public Health Association did not, in those circumstances, consult the AMA or any one of its component parts.
- Morris: They operate completely independently?
- Cline: Completely separately.

Dr. Philip Gilman

- Morris: Dr. Gilman's name comes up quite a lot during the 1945-6 period. He was also in the Department of Public Health, wasn't he?
- Cline: Subsequently. Dr. Gilman was a distinguished surgeon who was the ranking captain in the Navy. He had been in the Navy in World War I, had remained in the reserve, was recalled to active duty, and was the senior captain in the Navy Medical Corps. He had been for years, during the interval between World War I and World War II, practicing here in San Francisco as a surgeon. Dr. Gilman had the distinction during the war of being the president and the chairman of the Council of the California Medical Association, simultaneously.
- Morris: During the war?
- Cline: During the period of the war, during one year of the war.
- Morris: That must have been quite a lot to...



Cline: Well, because he was the senior captain, his situation in the Navy was a little bit difficult. He was, I think, the first commanding officer of Oak Knoll Hospital. But the regulars do not like to have a reserve officer outrank them.

Morris: This applies even in the medical service? I knew it did [laughter] out at sea.

Cline: Oh yes, I think it applies across the board. So Dr. Gilman was transferred to some position of relative inactivity to make way for a regular to take charge of Oak Knoll Hospital. Now part of this could be in error, but I have a pretty clear recollection because Dr. Gilman and I were very close.

Morris: You're a surgeon, too?

Cline: I'm a surgeon also. Professionally, we were close. We were extremely close, in a friendly way. His second wife, after his first wife died, was a girl with whom I went to high school and we had social contacts as well as professional contacts.

Morris: Is he still in the Bay Area?

Cline: No, he is dead.

Morris: Oh, I am sorry to hear that.

Cline: He died, I can't tell you exactly when, but quite a number of years ago. He was a considerably older man than I.

Morris: Then it is his son who is in Watsonville?

Cline: It is his son, Philip K. Gilman, Jr., whom I helped train at the county hospital in San Francisco.

Morris: Oh, I see.

Cline: And a very fine boy.

Morris: As you can see, we've looked up this area in the record books to find out who were the people who were involved in this thing.

The health insurance question had come up before Earl Warren's time.





## GOVERNOR OLSON AND HEALTH INSURANCE

Cline: During the Olson administration, due to the pressure of the C.I.O., to which pressure Olson was quite susceptible, a bill for compulsory health insurance was introduced. There was no problem in defeating it, at that time.

Morris: Why was it no problem to defeat it?

Cline: The legislature was not friendly to Governor Olson.

Morris: That seems to be the case.

Cline: I didn't know Governor Olson, I met him on one or two occasions but that was all. He decided to do this. Now it had one good by-product, result.

Morris: Olson's proposal?

## California Physicians' Service

Cline: Olson's. This came shortly after his election in 1938, and we knew that this was going to be a proposal. The California Medical Association founded California Physicians' Service at a special meeting held in Los Angeles in 1938, after considerable debate. The principal architects of it were Alson R. Kilgore and T. Henshaw Kelly, both physicians. And it was begun in a small way, with preparations for expansion, so that the initial cost of C.P.S. was great considering its membership.

Dr. Ray Lyman Wilbur was the first president of the California Physicians' Service.



Dr. Ray Lyman Wilbur

Morris: He had an amazing career. I've never seen any lists or organizations longer for one person's activities.

Cline: I think this is true. Ray Lyman Wilbur and I were very close friends. As a matter of fact, we belonged, for the remainder of his life, to the same duck club. I often shot with him.

Morris: Here on the Bay?

Cline: No, at Colusa. I learned a great deal about him. During part of the time, his family would deliver him here to me in San Francisco and I would take him up to the duck club. His son, Blake, is a surgeon in Palo Alto, had been a member before I joined. He was really the one who was instrumental in getting me into the shooting club. His son, Dwight, with whom I was yesterday and who is the immediate past president of the American Medical Association, inherited his father's membership in the shooting club.

Morris: I didn't realize that duck clubs carried hereditary privileges.

Cline: Well, they don't except indirectly. There are different types, but the type of duck club that this is, has a proprietary interest going with each share, it owns land. The shooting privileges go with the share. When a share becomes available, it is offered for sale by the individual or the estate owning it. It can be transferred by one's will. Exactly how this one was transferred to Dr. Dwight, I don't know. I often shot with Ray Lyman Wilbur. In those days it took about three hours to get up to Colusa.

He was writing his memoirs and was at that time in the Washington period. He was a greatly misunderstood man. He was thought to be lacking in a sense of humor and to be taciturn. He was neither. He had a beautiful sense of humor; he was very articulate. During these days I would ask about three questions in three hours and he would tell me what he was writing at that time.

Morris: He was kind of a benign influence on many of the developments in public health medicine. I gather that he was not disinclined to the idea of health insurance.



### Advancement of Medical Care

- Cline: One has to differentiate very carefully between different types of health insurance. Dr. Wilbur was not in favor of a national compulsory or state compulsory type of health insurance. I have recently discovered a letter in my files expressing this opinion. He was a man who was very much interested in the advancement of medical care and its easy availability to people. This is why he accepted the presidency of California Physicians' Service.
- Morris: These two principals of availability and the advancement of medical care seem to have been agreed upon by everybody concerned. This is why it is interesting that the proposal to bring it about produced such controversy.

### State Domination

- Cline: Well, to bring it about in the way in which it was proposed by Olson, and Warren's version was simply a warmed-over Olson proposal, would have placed it completely under the domination of the state and its officialdom. This is something which was intolerable to the medical profession.

Before the Warren days, we had had some surveys run, here in California by Foote, Cone and Belding, to determine wherein there were lacks of medical care, and to determine the attitudes of people and their wishes concerning the rendering of their medical care.

Jack Little, whom I think is now dead, but was the chairman of the board, at one time, of the Presbyterian Medical Center here in town after he retired from Foote, Cone and Belding. He addressed the House of Delegates of the California Medical Association on two or three different occasions.

- Morris: He was chairman of the Board of Presbyterian Medical Center, and also with Foote, Cone and Belding?





## CMA SURVEY OF MEDICAL CARE

Cline: No, after he retired from Foote, Cone and Belding, he moved back to San Francisco. He was, at the time I had anything to do with him directly, with reference to this public relations survey, in charge of the Los Angeles office of Foote, Cone and Belding.

That was an interesting experience, as far as I was concerned, because I had never sat in on the development of a questionnaire. I sat in on two meetings. It was very interesting that they predicted that with a systematic breakdown: the population by sex, by residence, by occupation and, when it came to labor what union labor and non-union labor felt--what farmers felt, what rural people felt, what urban people felt--that they could bring, with a 3% error, a correct result of the attitude and opinion at the time the people were queried. There is a lot to the science of conducting a proper survey.

Morris: Yes, and you felt that they produced a sample that matched the population?

Cline: Yes, percentagewise. I don't remember what the total number of people queried was, but the questions asked, their phraseology, and the order in which they are asked, can influence the responses. They designed a questionnaire, and I think there were about twenty people in the office who participated in the design of this questionnaire. I may exaggerate the number of people a little, but it was a sizeable number. We sat in their offices for a considerable period of time.

Little was a very decisive individual. He would get the ideas of all of his staff, then he made the decision.

They sent the questionnaire out for a trial run. They found that it was defective. They brought it back in and redesigned it.

Morris: What was wrong with the first one?

Cline: They thought that it prejudiced the information.

Morris: In what direction?



Cline: This I can't tell you. I don't know whether it would be for or against the medical profession or that it was just simply inaccurate and neither for or against the medical profession. It was because of the inaccuracy of the information that they felt this questionnaire derived, that they decided to redo it. It was redone at least once and maybe twice. I know I attended two meetings. It was sent out and finally they decided that it would accurately obtain the information that we requested. They furnished this survey to the California Medical Association. It is a matter of record and I think would be suppliable by the California Medical Association, whose offices are at 693 Sutter Street.\*

Morris: I found reports of several surveys done by various groups, both local and national, all of which seemed to indicate that most people felt that they, by the early forties, did want some help with meeting the costs of medical care.

Cline: I don't think there is any question about that, and we recognized it. I think perhaps we began in the wrong way to do it.

There were people who were strong advocates of compulsory health insurance, on the basis that the financial barrier which existed caused more serious illness to develop.

#### PRIVATE STUDIES OF MEDICAL CARE

I, myself, made one such investigation on the incidence of ruptured appendicitis at the county hospital, where there was no financial barrier, at the Southern Pacific Hospital where there was no financial barrier, and in private practices of a large number of surgeons. The incidence was higher, to a considerable extent, in the people who had no financial barrier whatsoever, both on the railroad and the people who were eligible for care at the San Francisco General Hospital, then called the county hospital.

Eugene Kilgore, who was the older brother of Alson Kilgore, conducted a somewhat more limited but

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\*"A Survey of Public Relations of the California Medical Profession," Jan. 1944. Copy in The Bancroft Library.





Cline: similar investigation concerning diabetes. He had an extensive practice in internal medicine, and also was the physician for the Santa Fe and the Western Pacific Railroads in this area. He studied those two groups, where there was no financial barrier.

Morris: These were groups that had a company program?

Cline: Insurance plan. No financial barrier whatsoever--it was a total coverage. Then he divided his private practice into upper and lower segments, economically. I don't know where the breaking point between the two came. It was an arbitrary breaking point which he selected, but I think a thoroughly responsible one.

He found that the people in the insurance schemes of the two railroads were the last people to come with symptoms suggesting diabetes. The group that came earliest was that of the lower economic group of private patients.

Morris: That's interesting.

Cline: Well, it's interesting, but I think there are thoroughly explainable reasons.

Diabetes is a disease which produces weakness. These people were largely physical workers. It could be tolerated far better by a sedentary person, who sits behind a desk. The symptoms do not become manifest as early as in someone who is doing physical work. They become manifest much earlier because this man suffers from weakness.

But why the people in the railroad, who largely were doing physical work, should be the last group to come is a little bit difficult to explain. These surveys did much to destroy the false idea that the economic barrier enters into the early diagnosis of appendicitis and diabetes, which were the two most quoted diseases.

Morris: Could we go back to Earl Warren and the difficulties that ensued there?





## WARREN'S 1942 CAMPAIGN

Cline: No. We'll have to go back just a little bit further to give you a true picture.

As I told you, I was vice-chairman of the Council and chairman of the executive committee of the Council. I wanted Warren to take a positive stand against compulsory health insurance during the 1942 campaign. Hartley Peart, now dead, was the attorney of the California Medical Association.

I talked to him about it, and he said, "It is not an issue in the campaign." Candidate Warren had many, many criticisms of the Olson radicalism. The most radical part of the Olson program was his compulsory health insurance scheme. That, coupled with a statement that Hartley Peart wrote, committed Earl Warren morally, as securely as if it had been spelled out in words, against the thing which he subsequently tried to get adopted.

Morris: Now let's go through this again, I am not sure I understand.

Hartley Peart made a statement against...

Stand on Medicine

Cline: I can't remember exactly how the statement was phrased, and Earl Warren issued the statement that Hartley Peart wrote as his stand on medicine.

Now this, in conjunction with his oft-repeated criticisms of Olson radicalism committed him morally just as firmly as anybody could have been committed, not to propose compulsory health insurance.

Morris: I see. So your feeling then is that he contradicted himself in moving for health insurance after he was elected?



## WARREN'S PRESIDENTIAL ASPIRATIONS

Cline: Yes, but not just after he was elected. It was after Mr. Roosevelt defeated Mr. Dewey in the 1944 election campaign.

What I'm going to say now is hearsay, because I don't know the accuracy of it. I know the accuracy of everything I have said so far, but I don't know the accuracy of this.

A man whom I found not always to be reliable, but usually so, told me that one of Earl Warren's advisors had told him that a specific number of his advisors, I believe the quoted figure was seven, immediately after Dewey's defeat by Roosevelt, sat down to discuss Warren's future. The subject of their discussion was what would make Earl Warren president of the United States.

The decision was, that he had to go further than had the Great White Father--Roosevelt. The most likely thing, because Roosevelt had opposed national compulsory health insurance, was to make this an issue. I know this from Jimmy Byrnes, who was a senator from South Carolina, who was then on the Supreme Court and then was "assistant president." This statement was made to me by Byrnes in his own office when he was governor of South Carolina, subsequently, because certain members of the medical profession blamed Roosevelt for this thing. Byrnes said this was entirely wrong. He had been called to the White House on two occasions to keep the advocates of socialized medicine, as we so often refer to it, under control.

There were some people very close to Mr. Roosevelt who were advocates of this type of thing. Mrs. Perkins, in her book, said that Mr. Roosevelt reduced everything that he could to his experiences in Hyde Park.

Morris: Well, many of the books written so far about Warren say that his interest in health insurance was due to his own experiences with medical expenses in an emergency he was not able to cope with.

Cline: [Breaking in] This is nonsense! We'll get to that later. This is pure unadulterated nonsense! And I'll



Cline: quote Warren himself on this.

At any rate, Jimmy Byrnes told me that the President in talking with the advocates of compulsory health insurance, said that he was opposed to it. The reason that he was opposed to it was, that there were seven doctors in Hyde Park, six of whom were excellent doctors. One of them was a politician, and that the six good doctors would be working for the politician doctor, if this thing ever came into being. Now this exactly coincides with "Ma" Perkins' estimate of Roosevelt's thinking!

Now, getting back to the other thing.

I discussed this matter of hearsay of the advisors that Earl Warren brought together. A man, whom I will not identify, was a very close friend of mine and a very close friend of Warren's.

Morris: He was a mutual friend, in other words.

Cline: [He was] a mutual friend. And Earl Warren and I were on a first name basis for years [parenthetically]. I had lunch with the mutual friend one day. He said, "What's the problem?" and I told him. He said, "This is exactly the way Earl Warren works, but I don't believe there are seven people advising him. There are not seven people whom he trusts enough to discuss such a subject with. If it were three people, I could name them."

So, this is again hearsay. It is indirect evidence, but it is pretty strong evidence.

Morris: In other words, the suggestion was that Warren had doctors with political concerns who were advising him on this?

Cline: No, no. Perhaps he did have some but not very many. They were a miniscule minority. But he had people who were advising him who were not doctors. One of them was a prominent attorney in San Francisco, who was perhaps his closest advisor.

Morris: Outside of the government?

Cline: Yes. He was never a member of the government as far as I know. He may have been on some peripheral commission.





Morris: On this meeting in 1944, I wasn't clear as to whether you asked Earl Warren to meet with you or whether he had asked you.

#### CALIFORNIA MEDICAL ASSOCIATION COUNCIL

Cline: He asked for the meeting with our Council. I was then the chairman of the executive committee and vice-chairman of the Council.

Morris: This is a branch of the Medical Association you don't hear much about.

Cline: No, it doesn't come before the public eye to a great extent. It is different today than it was at that time in its composition and method of composition. Its functions are largely the same. It is the administrative body which runs the California Medical Association. It also has some policy-making powers between the meetings of the House of Delegates.

Morris: So it functions throughout the year?

#### WARREN SEEKS CMA SUPPORT

Cline: It functions throughout the year. It meets now, I think, at monthly intervals but it didn't meet quite that often in those days.

Now, the contact was made with the California Medical Association through Dr. Halverson. The contact was Dr. Gilman. Warren wanted a meeting with the Council of the California Medical Association. This meeting was set up for, I think, December 13, 1944, in what is called (improperly) "The Family Club" here in town.

Morris: "The Family Club"?

Cline: "The Family" is the proper name. We had a meeting of the executive committee the night before. I was



Cline: appointed Warren's interrogator.

I sat on one side of Governor Warren, Dr. Gilman sat on the other side. Dr. Gilman had been operated upon and he became fatigued in the middle of the afternoon. Because I was vice-chairman of the Council, I had to take over, presiding, so I know, exactly, whereof I speak.

Morris: You couldn't be much closer to it than that!

Cline: But the reason for wanting an interrogator was to clear certain things, and try to clarify his ideas, because this came to us as a total surprise.

Morris: The request for the meeting?

Cline: Not that, but the subject of the meeting. I don't know if it was transmitted from Halverson to Dr. Gilman or how it was. We knew very shortly in advance what the subject of the meeting was to be.

Morris: And the subject was...?

Cline: Warren's ideas on compulsory health insurance. He was seeking the endorsement of the California Medical Association for support of his ideas.

Well, it was obvious that he didn't have any very clear-cut ideas. His answers to the questions I asked him were not definite. He was very vague. He had no real specifics to offer. We got certain information cleared before general discussion took place. But gradually there evolved a pattern, and this meeting went on and on, until about five o'clock. It started with lunch.

I felt that it had run down as far as any important contribution was concerned and turned to the governor and said, "Thank you very much, Governor, for taking us into your confidence. This is a matter far too important to the health and welfare of the people of California and to the medical profession for any group of twenty men to decide. This will require a special meeting of our House of Delegates to discuss."

Morris: Could we go back a minute. Do you remember any of the questions that you asked?



House of Delegates to Meet

Cline: Not specifically now. After all this is a long time ago and there was no record kept of the meeting. But I remember specifically the things that I am telling you.

And I looked around the table and the Council members were all nodding their heads indicating concurrence in the need for a meeting of the House of Delegates. Remember this was December the 13th. The Office of Defense Transportation had requested that nobody who didn't have to travel between December 15th and January 1st. None of us knew exactly what the constitutional provisions were for notice in calling a special meeting of the House of Delegates, but it was obvious that we could not call a meeting prior to the first of the year. We looked it up later, and a ten days notice had to be given. None of us could say that offhand, and there wasn't a copy of the bylaws present [laughing] at the meeting.

Morris: There never is.

Cline: We knew that there was some period of notice necessary and this would put us into the time when the Office of Defense Transportation had requested that those who didn't have to travel during this period not do so. I said to the Governor, "When is the last time that you can hear from us, concerning this matter?"

"Oh," he said, "anytime up to a couple of hours before I go to address the legislature on January 8th."

Then I said, "This I think, gives us the possibility of discussing this thing and finding out what the attitude of the doctors in California will be concerning it. We will call a special meeting of our House of Delegates." I saw that the Council was nearly unanimous in its agreement by the nodding of heads around the table when I said this.

And then I said to him, "It is agreed between us, that neither of us will make a public statement prior to the time you have had a chance to hear from us." Governor Warren agreed.





Warren Announces Health Insurance Plan

Cline: On December 30th, he broke his health insurance plan to the press, at a news conference.

The House of Delegates met in Los Angeles. There was very strong opposition to going along at all. I was one of the few people who spoke in favor of offering to go along with the Governor, under certain considerations.

Morris: Such as?

Cline: Very careful restriction on the nature of the program, its control, etc. The reason I did it was not because I didn't feel as strongly opposed to it as the other people did, but I thought that the image of medicine would be better in taking that attitude than it would be in flatly saying, "No."

Morris: Yes, I would agree.

Labor Leaders Speak

Cline: I was voted down. Then it was requested that certain labor leaders be heard.

Morris: By the House of Delegates?

Cline: By the Delegates. It requires unanimous consent for anybody who is not a member of the House to be heard, and there were objections. So I asked the Speaker of the House to declare a recess. I then convened a meeting of the Council of the California Medical Association as acting chairman and invited all the Delegates to attend it.

Morris: During the recess? Very nice maneuver!

Cline: And then invited these people to speak.

Morris: Would that have been Neil Haggerty from the AF of L?

Cline: I can't remember. I think Haggerty was one of them, but I am not certain, I am not certain who they were.



Morris: And what was the gist of their interest?

Cline: Some of them were pro and some of them were con, but predominantly pro. After these people had spoken as invited guests, which I as the acting chairman of the Council had arranged, the House was reconvened, under the Speaker of the House.

Morris: Did the labor spokesmen's remarks have any effect on the Delegates?

Cline: I don't believe it amounted to anything. It may have had an effect on a few of them.

When the House went into executive session, one of the Delegates got up and went out and telephoned one of the labor leaders and found out the apparent attitude of the House would not be satisfactory to him. [Laughter]

Morris: To the labor leader?

Cline: Came back in and so reported. [Laughter] Even though this was the executive session!

Morris: Oh, that is lovely!

Cline: [Seriously] Well, the action of the House was direct opposition to Warren's program. And then the fur began to fly.

Warren had great support from Earl Behrens, who is the political editor of the Chronicle, was then, and whom I know quite well. Who arranged this, I don't know, but Behrens was on our backs all the time.

Morris: Behrens might have done it on his own.

#### Dr. Gilman Meets With Warren

Cline: What I am about to say is, Dr. Gilman was invited by the Governor to go to Sacramento to discuss this matter with him. The anteroom to the governor's office was loaded with press people. Gilman was a tremendous man.



Morris: Physically big?

Cline: Yes, physically big and mentally big also. But a captain in the United States Navy, in uniform, walking into the governor's office, could not help but be quite a noticeable figure, particularly a man of his stature.

Morris: Warren is a big man, too.

Cline: No. Warren's not big.

Morris: Physically?

Cline: He's big in width and thickness. He's not as tall as I am, not any taller.

Morris: That's interesting. I haven't seen him in some years, but my recollections were that he was big.

So, here was Gilman in the governor's office.

Cline: What was said between the Governor and Gilman, after Gilman got into his office, I am not quite sure. But I know that Gilman didn't give an inch, concerning the medical profession's attitude.

Morris: Well, I've brought some notes along on this because there are these interesting shifts. This is from an article in the Sacramento Bee, on January 12, 1945. Gilman was reported as saying that the doctors were willing to help Warren with his health bill and that Gilman offered actuarial data from the CPS, California Physicians' Service experience.

Cline: This is a distortion of the truth. I am sure that Gilman didn't offer any help on his bill. He may have offered him help in the solution of the problems of purveying medical care in the state, but I was so close to Gilman that I know what he said. The papers all over the state carried the same sort of distortion. Whether Earl Behrens arranged this meeting, or who contrived it, I don't know, but Gilman was asked to a meeting by the Governor.





### Assembly Defeats Warren Bill

Cline: Al Wollenberg was the assemblyman from the district in which I lived in San Francisco. Warren chose him to introduce the health insurance bill. It went before the Public Health Committee of the assembly. It was known that there were an even number of votes for the governor, and an even number of votes against the governor, with one vote undecided. I don't remember the man, but this one undecided vote swung in our favor. The bill was held in committee.

Warren then caused Wollenberg to move for a discharge of the Committee's consideration of the bill and to bring the bill to the floor. This required a constitutional majority, 41. Certain people were absent for various reasons. The vote was 39 for us, 38 for the governor. He lacked three votes for the constitutional majority, but it wasn't really that close. There were a number of switch votes, something on the order of six or seven, who promised that they would vote against the bill if their votes were needed, but because they didn't want to offend the heavy CIO constituencies in their own districts, would vote for it if it was going to be defeated.

Morris: That's interesting.

Cline: Well, this, I gather, is not an uncommon political maneuver, and you don't hurt your friends if you don't have to. These people had been good legislators as far as medicine was concerned. But in their own districts, it was to their advantage to vote for the bill. So that it would have been an overwhelming defeat for Warren had we not acquiesced in that maneuver of these legislators.

Now it was never brought up for consideration again and the Governor issued many statements trying to get the people stirred up. He claimed that the bill should be debated on the floor, et cetera. I am not sure whether this was just propaganda on his part, or to aid his effort to become President of the United States subsequently.

I was not publicly nearly as outspokenly critical of the Governor as other people were.



Morris: Didn't Warren ever pick up the phone himself, or have his secretary pick up the phone and say, "Dr. Cline, I'd like to see you. Could you come to Sacramento?"

Los Angeles Intermediary

Cline: Never. He never said that to me. But later on, he sat next to the then president of the Los Angeles County Medical Association, Louis J. Regan, at a dinner of some sort down there. He was both a doctor and a lawyer. Warren's southern California campaign manager got in touch with this Dr. Regan, to ask him if he would invite me to accompany him to Sacramento to see the Governor.\*

Morris: This is tremendously devious.

Cline: It is. When we arrived I was fearful of a situation such as Gilman encountered.

Morris: This would be after 1945?

Cline: This would be 1946, I can't date it.

Dr. Regan telephoned me and asked me if I would go with him and I said, "Certainly." He had not been involved in much of this before but he was a very affable person. I don't know what he may have said to the Governor at dinner, but the Governor used this method of approaching me.

Dr. Regan flew up from Los Angeles and I drove him to Sacramento. It was a Saturday and it was when the legislature wasn't in session, which was a matter of great relief to me, because I thought I might be put on the spot as Gilman had. Also, I think the Governor was anxious not to have those people see us.

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\*This would probably have been Colonel T. J. Cunningham.



Dr. Cline and Warren Spar

Cline: The only four people in the room were this doctor from Los Angeles, the Governor, Bill Sweigert and I. When I came in the room (it was when the governor occupied the big corner office, not the office Governor Reagan occupies) he leaped out from behind the tremendous desk (it must have been twelve feet long), dashed over to the corner door, threw his arm around my shoulder, and said, "Well, my old friend John. You never need an appointment in this office. The door is always open to you." Then we sat down, and we started to talk.

The Governor, at one time, had rented a house near ours at Tahoe. We had many mutual friends, and I kept the conversation going about one thing and another--duck hunting, fishing, our mutual friends--until finally he became impatient and he said, "Well gentlemen, what's new in the firmament?"

Morris: In the firmament?

Cline: Those were his exact words. This doctor from Los Angeles threw the ball right squarely back in his lap by saying, "That's what we came to find out."

Then he entered a recital of his interest in health insurance. Most of it was erroneous, as he described it. Every time he got off the track, where he was in error, I brought him back to the track. He got pretty irritated with me. I said to him, "Governor, the most compelling philosophy of life is that which I learned at my father's knee. My father was left an orphan at the age of ten. He became a physician, purely by dint of his own efforts. I have at home a book which he was given as a prize, plus the report of the examination he took to teach school at the age of seventeen, having had one year of high school."

Morris: Was this in Santa Rosa where you were born?

Cline: No, no. This was in Ohio. My father was born and grew up in Ohio. He came to California in the early 1880s.

"And he financed his way through medical school by teaching school, by building railroad, by working on farms and that sort of thing in the summertime. I have never known a man for whom I had greater





Cline: respect that I have for my father. He said, 'Son, if you are reasonably intelligent, reasonably industrious and reasonably thrifty, the care of your family, the respect of your fellow man and the preparation for your old age will be your reward. If you are not, the want of your family, the disregard of your fellow man, and the almshouse will be your reward.'

So I told Warren that, that day. He said, "Well, a lot of water has gone under the bridge since your father's time."

So we then discussed his family and his family situation. I think there were only two children, a sister and the Governor. The father was killed by some people who were never apprehended, as far as I know, in Bakersfield.

Morris: That's right.

Cline: Joe Dyer, who was executive vice-president of Southern Pacific gave Warren's father his first promotion from a car repairer to a master car repairer when Dyer was superintendent of the Bakersfield Division. Now the name wasn't Warren originally; it was a Swedish name, something similar to Warren. The father changed it to Warren, I don't know whether legally or not.

His father became a thrifty landowner in Bakersfield, by dint of his own hard work. The reason he was killed was presumably because certain robbers thought that he had a lot of money hidden away someplace. This is only theory because nobody ever proved who did the act, or why they did it.

So I brought up to the Governor his own father, after he had washed my father down the stream that passed under the bridge.

Morris: That's a pretty personal exchange.

Cline: Oh, I don't know. So I said, "Your father would never have stood for a thing like this."

"Well," he said, "we were a very fortunate family. My father was a poor man while I was growing up. It was very fortunate that we didn't have any heavy medical expenses." That is the exact contradiction to a lot of the ideas that have been expressed concerning his interest in compulsory health insurance.



Morris: Except that it does tie in with the idea that he was particularly conscious of how much it did cost when he got serious medical troubles in his own life.

Cline: Well now, what I say is opinion. In every country of the world where compulsory health insurance has gone into effect, and you cannot name an exception, except maybe some of the countries of recent origin where it is the only possible solution, it has been brought about by politicians for political reasons, not by public demand, and not by the medical profession. It began back in 1888 with Bismark, in Germany, as a sop to the socialists. Lloyd George, I think it was, in 1914 started it in England. The Labor government after the war made it complete. The same thing is true in every country.

The cost estimates have been uniformly low. In the first year of complete socialization in England the actual costs exceeded the estimates by almost 100%. Gross underestimation of the cost applies to Medicare and Medi-Cal as recent examples.

#### ROLE OF WHITAKER & BAXTER, INC.

Morris: At what point did Whitaker and Baxter come into the picture?

Cline: Well, it's an interesting thing. I had never heard of Whitaker and Baxter, even though they were a San Francisco concern. We knew we needed help, public relationwise. We turned to Foote, Cone and Belding, who had done the survey for us. They said, "We don't do this type of thing." They recommended Brown and Company, in Los Angeles, Whitaker and Baxter, and Lee and Losh of San Francisco. Brown and Company were not in a position to do it.

I had had experience with the county medical society with Bill Losh of Lee and Losh, where he had done a very good job for us. They were the people we turned to first. We had a meeting at the headquarters of the California Medical Association on a Sunday. Bill Losh came representing Lee and Losh. He said that if this were to be a campaign run on a highly





Cline: polite basis, that wouldn't involve criticism of the governor, they could undertake it, but that Mr. Lee, his partner, was such a close friend of the Governor, that under any other circumstances they couldn't take it.

I, without thinking, said, "Well, Bill, thank you very much for coming, but this is no time for the luxury of divided loyalties."

So we then turned to Brown and Company. I had heard something about them and had known about them. They were too busy. I then called up Clem Whitaker and invited him to lunch with the executive committee. Clem Whitaker has been criticized and maligned by a lot of people, but I think he was one of the most honest individuals I have ever encountered. I outlined what the situation was and asked him if he would undertake our campaign.

He said, "I believe in what you are doing, and therefore I am willing to undertake it. But I want to tell you this. For years and years I've represented PG and E and in almost every election year, there was an initiative on the ballot against PG and E. I told them this was because they were not doing things properly and I hope that when this is over you'll give this some thought."

"Right now," he said, "what you need is a campaign designed to influence 120 people, namely the people in the legislature."

Morris: Clem Whitaker said this?

Cline: This immediate thing. As of the time, we were right under the gun for time. He said, "It will have some beneficial carry-over. But it will not have any permanent value. There is something wrong in the medical picture, and if you are going to escape a repetition of this, you are going to have to correct things that are wrong."

I said, "What do you envision?"

He said, "I haven't gotten far enough into the problem as yet. But I think wide-spread voluntary health insurance is the answer." He said, "We won't bother with that right now. We'll go to work on the





Cline: immediate problem. But afterwards, I hope you'll do the same thing that the PG and E did, when they put in their public relations department."

I knew the man he recommended, Al C. Joy

Morris: To be PR director for PG and E?

Cline: I knew him very well subsequently; I didn't know him at that time, this went back some years. I got to know him very well.

Morris: I have found PG and E's PR impressive. But they still have a blight upon their image in many people's minds.

Cline: Well, I don't know. I am a user of PG and E, of course, and am a minor stockholder in PG and E. I read the PG and E "Progress" every once in a while. I don't know what all they did, but they haven't had to fight an election fight since.

Morris: Did Clem Whitaker ever express any conflicts of loyalty, since he had worked as Warren's manager during the first campaign for governor?

Cline: None. By then, Clem had no use for Earl Warren at all.

#### CANCER QUACK CONTROL - 1957

Morris: Did you get involved in any other issues with the California legislature for the CMA besides health insurance?

Cline: I was subsequently the chairman of the Commission on Cancer of the American College of Surgeons and of the Cancer Commission of the California Medical Association. We used to investigate cancer quacks and issue a blast of publicity against them. We were threatened with libel suits. We had one peculiar situation where there was a man, whom we had very good evidence had an income of more than \$450,000 a year, who was a major cancer quack.

He had a building which was standing all by itself, with a parking lot adjacent to it. He occupied the building, either solely or with associates.



Cline: We put a checker across the street from this building and we had him check out the number of people that went in. We did this for a week. Then we cut loose the publicity blast against this man. We dropped his total volume of people (we don't know that all of them had cancer, we don't know that all of them were patients), to fifty percent of what it had been previously. In six months time, it was right where it had been initially.

This convinced me that no extra-legal body could ever deal with the problem of cancer quackery. It had to be some legal body. I went to the Council of the California Medical Association and asked them for permission to develop a law which would not infringe upon the freedom of legitimate research and legitimate practice of medicine but would, hopefully, control the cancer quacks. I asked Ben Read, of the Public Health League, who should introduce the legislation. It was backed by the California Division of the American Cancer Society. It was backed by the California Medical Association. He said that the person to do it was Cap Weinberger. Cap Weinberger was my next-door neighbor. This was very simple.

I walked over with the first draft of the bill and asked him what he thought about it. He said, "This is nothing any honest man could object to."

I said, "Well, will you introduce it?"

He said, "Yes."

It was introduced in the 1957 legislature. Weinberger conducted the hearings in the assembly. He had it referred to his committee. He warned me at the time. He said, "There are two or three senators who don't like me very well."

I said, "Why, Cap?"

He said, "Because of the alcohol beverage control legislation, which my interim committee got through." And he said, "Some of the senators are lawyers, and they have liquor-interest clients. They are important people politically in their areas and they are therefore important to the members of the Board of Equalization. This control makes them unhappy."



Cline: I didn't think and I don't think he thought that there was going to be any serious opposition, but what transpired was that when it went over to the senate side, one senate committee member who promised to vote for the bill was absent, one senator who promised to vote for the bill voted against it.

Morris: This is in committee in the senate?

Cline: In committee. I was at the committee hearing. Richard Richards could have had the determining vote in the committee and sent it to the floor. We could have passed it if there were any problem on the floor. He voted pass and the result was one vote shy of getting it out of committee. This was the result, I believe, of the lobbying of Sam Collins, who so resented the difficulties that Caspar Weinberger's investigation had caused him. He was in Sacramento for days before the committee hearing.

Morris: Was he still in the legislature then?

Cline: No, he ran for Congress, and was beaten and he never went back to the legislature.

Morris: That's interesting because he was so active in the forties in the Assembly.

Cline: He was Speaker of the assembly.

Morris: He was Speaker of the Assembly and apparently he and Wollenberg had some differences then. Didn't Wollenberg introduce some measures to cut back on the authority of the Speaker? I wonder if this personal element might have been an element that affected the health insurance legislation?

Cline: Well, Collins was just as opposed to this as he could be. This I know.

Morris: Again, the newspapers, the Bee in January of '45, said that Sam Collins predicted that Earl Warren's legislative program could be enacted in toto, "if we have the cooperation of the legislature which we had in '43 and '44."

Cline: He said this in '47.

Morris: No, he said this in '45. Just after that meeting of





Morris: the CMA executive committee with Warren.

Cline: Well, Collins was just talking, I think, because he was very definitely opposed. He was very friendly to the medical profession. And as far as the medical profession was concerned, he was an excellent legislator. As far as the rest of his legislative activities, I am not competent to speak.

#### NATIONAL HEALTH INSURANCE EFFORTS

Morris: I have one last question on this health insurance thing. I read in the Chronicle the other morning (taped March 11, 1970) that the California Medical Association in convention is proposing a universal health insurance program, which I thought was kind of an interesting turn of events.

Cline: I don't know the details of what they're proposing. The AMA has gone in that direction. I don't think they have gone that far. The California Medical Association has always been more progressive than the AMA as a whole.

When I first went to the AMA as a delegate, I was assigned the job of attacking Fishbein on the floor of the house.

Morris: That was Dr. Morris Fishbein?

Cline: Yes. He was then editor of the Journal of the American Medical Association and remained so until 1949. This was a way to become well-known, but not well-liked.

We recognized that unless there were a change in attitude, the AMA would be nationally in danger.

After this episode in '45, when we beat the Governor, we didn't have any problems here as long as Warren was in office. We had him stymied completely.

Morris: How did the AMA come to choose Whitaker and Baxter to handle the national campaign against health insurance?



Cline: Well, California doctors were the only ones with any experience fighting compulsory health insurance. Elmer Henderson was chairman of the Board of Trustees of the AMA then, and had the responsibility to run the campaign against Truman's plan. He asked the committee of which he was chairman whether we should use a national company that knew nothing about it, or use Whitaker and Baxter and get them to expand for a nationwide effort.

Two national firms were considered, and the committee was of the opinion that it would take longer for a national company to learn the problem than for Whitaker and Baxter to expand to national scope. In addition, they had been successful in California. When that decision was made, Dr. Henderson asked me to call Mr. Whitaker and ask him if they would take the job, when they would go to work and how much they would charge.

Clem talked it over with Leone--I saw her at lunch the other day, by the way. She looks wonderful--and they gave us an estimate of the cost. They said they could do it for \$50,000 to \$75,000 a year. The others wanted \$200,000.

### Truman Health Commission

Morris: Were you involved at all with Truman's Health Commission that studied all the country's health needs in 1950 and 1951?

Cline: Magnuson called me when I was president of the AMA. He asked me, "What do you think about this? How would you run it?" He made it sound as of he hadn't decided to take the job or not.

I told him to be sure it was free of political influence. He said a number of members had already been appointed; most of them were advocates of compulsory health insurance. I said he should counterbalance it with respected doctors or it would be obvious the whole thing was just a political football of Oscar Ewing's.



Cline: If he didn't do this, there'd be nothing but opposition to the whole committee, I told him; he should have at least two places on that committee for someone who knows something about the problems involved. He replied that almost all the places were filled.

Russ Lee called and came over to see me about it. He said he'd been approached by Magnuson to be on the committee. I told him the whole thing was rigged and wouldn't turn out anything but a biased report; that they could have made it a decent, objective study, but the way it was now, anyone on it was going to get hurt.

Morris: Dr. Lee did go ahead and work on the committee, didn't he? He has had quite an energetic, innovative career.

Cline: He sparks ideas like a dynamo, but they weren't all good or all original with him. He has a great desire for publicity and recognition. Oh, he's a good businessman all right. He told me once at the Bohemian Club that he'd bought a ranch, and taken more off it in gravel than he'd paid for it.

He's not the real founder of the Palo Alto Clinic, either. He gave it the name, but Ray Lyman Wilbur and Tom Williams, and maybe Fritz Roth, already had an informal group going. Williams and Roth were surgeons, and they asked Lee to come down from San Francisco and be their internist.





SURVEY OF  
PUBLIC RELATIONS  
of the  
CALIFORNIA MEDICAL PROFESSION

- . . . . .  
 . A survey of 5090 personally conducted inter- .  
 . views with a representative cross-section of .  
 . the population of the State of California. .  
 . Made during the month of November, 1943. .  
 . . . . .

- for -

CALIFORNIA MEDICAL ASSOCIATION

Prepared by:

FOOTE, CONE & BELDING

January, 1944  
Job #LA-644

MARKET RESEARCH DEPARTMENT



# CALIFORNIA INSTITUTE OF PUBLIC OPINION

## LOS ANGELES

I am making a survey of public opinion on doctors and the medical profession in general. I won't ask your name, but I would like your frank opinion on the following:

1. If you were advising your son or another young man on a career and he were qualified and interested, would you advise him to go into the medical profession?  
 Yes ☐ 1 80% No ☐ 2 13% D.K. ☐ X 7% (5)  
 Why? ("YES" COMMENT) - Noble, dignified, worthwhile profession - 40% (6)  
 ("NO" COMMENT) - Profession too difficult - 40% (7)
2. Do you have any relatives or close friends who are medical doctors?  
 Yes ☐ 1 34% No ☐ 2 66% D.K. ☐ X (8)
3. How did you select your present medical doctor?  
 Personal recommendation - 45% (9)
4. What is your opinion of medical doctors? As a group do you think they are doing a good job for the public?  
 Yes ☐ 1 88% No ☐ 2 8% D.K. ☐ X 4% (11)  
 (YES) Comment Mine is - 15%; Some aren't, majority are - 8%; (12)  
 Doing good now due to shortage - 8% (13)  
 a. (If NO) In what respect? Overcharge - 38%; Profession a racket - 13%; (14)  
 Dishonest - 11%. (15)
5. Do you think specialization in medical practice necessary?  
 Yes ☐ 1 81% No ☐ 2 13% D.K. ☐ X 6% (16)  
 Comment ("YES" COMMENT) - A necessity but overdone - 7% (17)  
 ("NO" COMMENT) - Unnecessary, but more efficient - 14% (18)  
 a. What advantages, if any, do you think it has? Better qualified doctors - 34%; (19)  
 Increased efficiency through practice - 27%; Increased efficiency through  
 additional training and research - 21% None ☐ 1 5% D.K. ☐ X 11% (20)
- b. What disadvantages, if any, do you think it has? Not enough general knowledge - 14%; (21)  
 Too expensive - 12% None ☐ 1 45% D.K. ☐ X 18% (22)
6. In case of an ordinary operation would you prefer to have your regular doctor operate or would you prefer to have a specialist?  
 Regular doctor ☐ 1 55% Specialist ☐ 2 38% D.K. ☐ X 6% BOTH- 1% (23)  
 Why? (REGULAR DOCTOR) - More confidence - 53%; Knows more about me - 20% (24)  
 (SPECIALIST) - Better trained - 43%; Better qualified - 30%; More confidence - 14% (25)
7. Do you believe medical doctors are as honest as they should be in all dealings with patients?  
 Yes ☐ 1 54% No ☐ 2 36% D.K. ☐ X 10% (26)  
 (YES) Comment Mine is - 31%; Some aren't, majority are - 14% (27)  
 a. (IF NO) In what respect are they not as honest as they should be? Don't give true  
 diagnosis - 52%; Overcharge - 31%; Too many unnecessary treatments and  
 expenses - 17% (28)  
 (29)  
 (30)
- b. Is your answer based on experience with doctors?  
 Yes ☐ 1 No ☐ 2 D.K. ☐ X (31)  
 Comment FAVORABLE OPINIONS - "Yes" - 88%; "No" - 11% (32)  
 UNFAVORABLE OPINIONS - "Yes" - 79%; "No" - 19%
8. Are you satisfied with the present practice of getting your doctor's prescription through a druggist?  
 Yes ☐ 1 77% No ☐ 2 14% D.K. ☐ X 9% (34)  
 a. (IF NO) Why not? Too expensive - 41%; Fee splitting, commissions too  
 big - 27%; Doctor should fill own prescriptions - 26% (35)  
 b. Do you have any suggestions as to how this could be improved? Yes ☐ 1 No ☐ 2 (36)  
 (IF YES) How? (See above) (37)  
 (38)
9. If you were a medical doctor, what would you do to assure yourself the good will of your patients?  
 Be honest - 35%; Be sympathetic and understanding - 24%; Get patients well  
 as soon as possible - 24% (39)  
 (40)



10. Would you say your family spends a small amount, an average amount, or a large amount for medical care?  
 Small ☐ 1 50%    Average ☐ 2 32%    Large ☐ 3 16%    D.K. ☐ X 2% (5)
11. Do you think you:
- |   | Pay too Much                   | Too Little                     | Or the Right Amount            | D.K.                           |      |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|------|
| For: Medical doctors                      | <input type="checkbox"/> 1 28% | <input type="checkbox"/> 2 1%  | <input type="checkbox"/> 3 63% | <input type="checkbox"/> X 8%  | (6)  |
| Nurses                                    | <input type="checkbox"/> 1 12% | <input type="checkbox"/> 2 11% | <input type="checkbox"/> 3 41% | <input type="checkbox"/> X 36% | (7)  |
| Hospitals                                 | <input type="checkbox"/> 1 41% | <input type="checkbox"/> 2 1%  | <input type="checkbox"/> 3 35% | <input type="checkbox"/> X 23% | (8)  |
| Prescriptions*                            | <input type="checkbox"/> 1 49% | <input type="checkbox"/> 2 -   | <input type="checkbox"/> 3 33% | <input type="checkbox"/> X 18% | (9)  |
| Patent, specialty, or prepared medicines* | <input type="checkbox"/> 1 31% | <input type="checkbox"/> 2 -   | <input type="checkbox"/> 3 32% | <input type="checkbox"/> X 37% | (10) |
- \* If too much, do you think it is due to the doctor or the druggist?  
 Doctor ☐ 1 4%    Druggist ☐ 2 33%    Both ☐ 3 46%    D.K. ☐ X 15% (11)
12. Do you or any members of your family subscribe to a monthly-fee medical service, such as individual sickness insurance, company plans, clinic or medical center plans, etc.:  
 Yes ☐ 1 24%    No ☐ 2 75%    D.K. ☐ X 1% (12)
- (IF YES) What? Company group insurance - 42%; Health insurance - 15%; (14)  
Hospital insurance - 11%; CPS - 3%; Blue Cross Hospital Service - 1%
13. Which of the following have you:
- |                 | Consulted Regularly            | Occasionally                   | Seldom                         | Or Never                       |      |
|-----------------|--------------------------------|--------------------------------|--------------------------------|--------------------------------|------|
| Medical doctors | <input type="checkbox"/> 1 28% | <input type="checkbox"/> 2 40% | <input type="checkbox"/> 3 27% | <input type="checkbox"/> 4 5%  | (15) |
| Chiropractors   | <input type="checkbox"/> 1 2%  | <input type="checkbox"/> 2 11% | <input type="checkbox"/> 3 13% | <input type="checkbox"/> 4 74% | (16) |
| Osteopaths      | <input type="checkbox"/> 1 2%  | <input type="checkbox"/> 2 9%  | <input type="checkbox"/> 3 10% | <input type="checkbox"/> 4 79% | (17) |
| Practitioners   | <input type="checkbox"/> 1 1%  | <input type="checkbox"/> 2 2%  | <input type="checkbox"/> 3 2%  | <input type="checkbox"/> 4 95% | (18) |
| Other healers   | <input type="checkbox"/> 1 1%  | <input type="checkbox"/> 2 1%  | <input type="checkbox"/> 3 1%  | <input type="checkbox"/> 4 97% | (19) |
14. What is your opinion of:
- a. Chiropractors\* Good for some things - 16%; Fine if stay in own field - 9%; They're fine - 8%; They're no good - 8% D.K. ☐ X 36% (20)
- b. Osteopaths\* Good for some things - 11%; They're fine - 10%; Fine if stay in own field - 7%; They're no good - 3% D.K. ☐ X 53% (22)
- c. Practitioners No faith in them - 8%; Good for some things - 6%; They're no good - 6%; They're fine - 4% D.K. ☐ X 53% (24)
- d. Other healers Have no faith in them - 9%; They're no good - 6%; Good for some things - 2%; O.K. if you believe in them - 2% D.K. ☐ X 76% (26)
- \* If answer is "all right if they stay in the limits of their own field" ask, Do you think the majority of them do stay in the limits of their own field?
- |               |                                    |                                   |                                     |      |
|---------------|------------------------------------|-----------------------------------|-------------------------------------|------|
| Chiropractors | Yes <input type="checkbox"/> 1 50% | No <input type="checkbox"/> 2 30% | D.K. <input type="checkbox"/> X 20% | (28) |
| Osteopaths    | Yes <input type="checkbox"/> 1 54% | No <input type="checkbox"/> 2 27% | D.K. <input type="checkbox"/> X 19% | (29) |
- (Insert name listed below)
15. Do you think medical doctors' attitude toward \_\_\_\_\_ is fair?
- a. Chiropractors: Yes ☐ 1 25%    No ☐ 2 30%    D.K. ☐ X 45% (30)
- b. (IF NO) In what respect? Won't admit they know anything - 41%; Just don't like them - 13%; don't think they should be allowed to practice - 13% (31)
- c. Osteopaths: Yes ☐ 1 22%    No ☐ 2 22%    D.K. ☐ X 56% (33)
- d. (IF NO) In what respect? Won't admit they know anything - 39%; Just don't like them - 12%; Don't think they should be allowed to practice - 11% (34)
- e. Practitioners: Yes ☐ 1 22%    No ☐ 2 7%    D.K. ☐ X 71% (36)
- f. (IF NO) In what respect? Won't admit they're o.k. for what they do - 30%; Think they're no good - 15%; Just don't like them - 13% (37)
- g. Other healers: Yes ☐ 1 21%    No ☐ 2 6%    D.K. ☐ X 73% (39)
- h. (IF NO) In what respect? Won't admit they're o.k. for what they do - 22%; Think they're no good - 17%; Just don't like them - 16% (40)
16. Do you think we should have some sort of a socialized government controlled medical plan?  
 Yes ☐ 1 50%    No ☐ 2 34%    D.K. ☐ X 16% (42)
- (IN FAVOR) All could have necessary care - 38% (44)  
 Why? (NOT IN FAVOR) Too much government control now - 38% (43)
17. If you were asked to choose between one of these plans for medical care, which would you prefer?
- (HAND RESPONDENT CARD NO. 1)
- |                                       |                                      |                                       |                                       |                                    |      |
|---------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|------|
| Plan A <input type="checkbox"/> 1 31% | Plan B <input type="checkbox"/> 2 4% | Plan C <input type="checkbox"/> 3 23% | Plan D <input type="checkbox"/> 4 35% | D.K. <input type="checkbox"/> X 7% | (45) |
| CPS                                   | Clinic                               | Govt.                                 | Present                               |                                    | (46) |
- Why? A - Could choose own doctor - 68%; Bills paid in advance - 20% (47)  
B - Clinics have good doctors - 27%; Bills paid in advance - 24%  
C - All could have necessary care - 35%; Would lower prices - 9%  
D - More satisfactory - 42%; Could choose own doctor - 20%
18. If you were asked to choose between one of these plans for obtaining hospital service, which would you prefer? (HAND RESPONDENT CARD NO. 2)
- |                                       |                                      |                                       |                                       |                                    |      |
|---------------------------------------|--------------------------------------|---------------------------------------|---------------------------------------|------------------------------------|------|
| Plan A <input type="checkbox"/> 1 31% | Plan B <input type="checkbox"/> 2 4% | Plan C <input type="checkbox"/> 3 25% | Plan D <input type="checkbox"/> 4 33% | D.K. <input type="checkbox"/> X 7% | (48) |
| Blue Cross                            | Clinic                               | Govt.                                 | Present                               |                                    |      |
- Why? A - Could choose own hospital - 66%; Bills paid in advance - 21% (49)  
B - Bills paid in advance - 26%; Clinics have good hospitals - 23%  
C - All could have hospital care - 37%; Would lower prices - 5% (50)  
D - More satisfactory - 44%; Could choose own hospital - 20%





19. Are you familiar with the American Medical Association?  
Yes ☐ 1 30% No ☐ 2 70% (51)
- a. (IF YES) What is your opinion of it? Keeps medical standards up. only good doctors belong - 45%; It's a political set-up - 12% (52)
- b. From what source do you get most of your information on the American Medical Association?  
Magazines - 33%; "Articles" - 23%; Conversation with doctors, nurses, or druggists - 20% D.K. ☐ X (53)
20. In general, what are your "pet peeves" regarding the medical profession?  
None - 65%; Overcharging - 10% (56)
21. How long have you lived in California? 25 years or over - 35%; 16-25 years - 30% (57)
22. What is your occupation, or occupation head of family if not working yourself? (58)
23. Is your income over \$3000, or under \$3000 per year?  
Over \$3000 ☐ 1 26% Under \$3000 ☐ 2 63% D.K. ☐ X 11% (60)

## CONTROLS

Income Class: A ☐ 1 4% B ☐ 2 11% C ☐ 3 34% D ☐ 4 37% E ☐ 5 14% (61)

Sex: Male ☐ 1 49% Female ☐ 2 51% (62)

Age: 16-24 ☐ 1 16% 25-34 ☐ 2 21% 35-44 ☐ 3 22% 45 and over ☐ 4 41% (63)

Address \_\_\_\_\_ City \_\_\_\_\_ (64)

Interviewer \_\_\_\_\_ Date October 28, 1943 to and including November 27, 1943 (65) 6  
(67) 4  
(68) 4

(69) (70) (71) (72) (73) (74)  
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Gabrielle Morris

B.A. in economics, Connecticut College, New London, independent study in public relations, creative writing.

Historian, U.S. Air Force in England, covering Berlin air lift, postwar military agreements, personnel studies, 1951-52.

Chief of radio, TV, public relations, major New England department store; copy chief, network radio and TV station in Hartford; freelance theatrical publicity and historical articles, 1953-55.

Research, interviewing, editing, community planning in child guidance, mental health, school planning, civic unrest, for University of California School of Criminology, Berkeley Unified School District, Bay Area Social Planning Council, League of Women Voters, 1956-70.

Regional Oral History Office, interviewer-editor, 1970- .

























